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ABSTRACT

This is the third and final report of a 2-year study analyzing implementation of Title II-A of the Job Training Partnership Act (JTPA) of 1982. Title II-A, which accounts for about 50 percent of the funds appropriated under JTPA, provides job training for the economically disadvantaged. The report is based on management information and direct observations from 25 local service delivery areas (SDAs) in 15 states, together with telephone interviews with key JTPA officials in a separate group of 32 SDAs. During the October 1983-June 1984 period of the study, the SDAs under study substantially outperformed the Federal standards regarding placement rates and cost per placement for adults and welfare recipients. Some 68 percent of adult enrollees obtained jobs, bettering the standard of 55 percent, as did 60 percent of welfare recipients, compared to a 39 percent standard. However, the average wage ae per adult placement of $4.80 fell below the Federal standard of $4.91. Moreover, the SDAs did not meet the Federal standards for positive terminations of youth, attaining 74 percent instead of the 82 percent called for. JTPA management practices generally led to a better public image for employment and training programs. However, SDAs were most likely to fund relatively simple and brief training programs and to have high-but-hidden administrative costs. The implementation of JTPA has resulted in an emphasis on helping those most likely to be employed to take the last few steps needed for placement. However, it has chosen to pay less attention to those who need the most help in finding work. The key role of business representatives resulted in more efficiency but removed attempts to help those most in need. (KC)

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AN INDEPENDENT SECTOR ASSESSMENT

OF THE

JOB TRAINING PARTNERSHIP ACT

Final Report: Program Year 1985

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Behavior Analysis, Inc., of Cambridge, Massachusetts, had initial responsibility for developing the design of the project's methodology, and MDC, Inc., was responsible for the project's administration.

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Most importantly, the cooperation of representatives of local service delivery areas and states was the crucial source of both qualitative and quantitative information on the workings of JTPA. We are, therefore, most appreciative of the excellent cooperation we received in the communities and states that participated in this study.

William Grinker
Grinker Associates, Inc.

July 1986

Executive Summary

This is the third and final report of a two year study analyzing implementation of Title II-A of the Job Training Partnership Act (JTPA) of 1982. Title II-A, which accounts for about 50 percent of the funds appropriated under JTPA, provides job training for the economically disadvantaged. The report is based on management information and direct observations from 25 local service delivery areas (SDAs) in 15 states, together with telephone interviews with key JTPA officials in a separate group of 32 SDAs.

The results achieved by JTPA are significant not only because JTPA represents the nation's principal federally-funded employment and training program, but also because the legislation embodies some of the Reagan Administration's key approaches to dealing with social problems. These include involving the business community, enhancing the role of the states while reducing federal involvement, and using performance standards to ensure that funds are spent effectively.

Title II-A of JTPA was enacted to provide training that would increase levels of employment and earned income and reduce dependency on welfare. Its primary eligibility requirement was that a participant meet federal definitions of poverty or be receiving welfare or food stamps. However, the legislation also required using 40 percent of JTPA funds to serve youths, while "equitably" serving AFDC recipients and school dropouts. The legislation calls for serving those "most in need" but also

"those who can benefit" from its activities. JTPA relies on local decision-making by Private Industry Councils (PICs) and government officials to determine the participant mix and other important issues.

To measure the effectiveness of JTPA programs, the Office of the Secretary of Labor developed performance standards, issued in October, 1983, which specified goals regarding the numbers of program participants who would enter employment, the cost per placement, and the average wage for those placed in jobs. The standards required reporting results for three groups: youths, adults, and welfare recipients. Beyond these standards, the federal government required no other substantive performance reporting from the states, nor did it seek long-term information on the outcomes of the program. Some states imposed further performance standards and sought data on additional sub-groups, but others did not.

During the initial operating period from October 1, 1983 through June 30, 1984, the SDAs under study substantially out performed the federal standards regarding placement rates and cost per placement for adults and welfare recipients. Some 68 percent of adult enrollees obtained jobs, bettering the standard of 55 percent, as did 60 percent of welfare recipients, compared to a 39 percent standard. The average wage rate per adult placement of $4.80 fell below the federal standard of $4.91, however. Moreover, the SDAs did not meet the federal standards for positive terminations of youth, attaining 74 percent instead of the 82 percent called for.

SDA performance regarding cost standards has had a major impact on the operation of employment and training programs. The SDAs studied had an adult cost per placement of $3,410 versus the federal standard of $5,704, and had similar success with youth. Meeting cost standards was a high priority in the development of SDA policies and programs. The cost performance, together with the high placement rates achieved, is a two-edged sword. Such efficiencies also suggest that JTPA has purposefully directed its attention to a relatively less difficult-to-serve group among those eligible for the program.

Most SDAs saw their ability to meet or exceed performance standards as a clear indicator of efficiency and success. They felt that this was particularly important to the successful launching of JTPA because of the public perception of the Comprehensive Employment and Training Act (CETA), the predecessor employment and training program, as wasteful and inefficient.

In contrast to many government programs that placed a high priority on spending all funds allocated to them, the SDAs husbanded their money carefully. Although the total JTPA budget was substantially lower than earlier CETA budgets, 22 of the 25 SDAs did not expend their full allocations and 16 of them did not spend even 75 percent. The average expenditure rate actually dropped slightly from 72 percent in the first nine-month operating period to 69 percent in the second twelve-month period.

This underspending reflected a desire to meet performance standards by limiting programs to those in which results would measure up. It also resulted from a private-sector orientation to keep some money in reserve.

The SDAs extended the emphasis on performance standards to contractors, to whom payments were based on results. Naturally, this led the contractors to scrutinize program participants very carefully to ensure that they would complete the program and enter employment. JTPA also tended to run relatively short training programs -- less than 12 weeks on average -- compared to an average of 20 weeks under CETA. Because cost-per-participant was low, the SDAs were generally able to meet their participant service goals and still have money left over.

JTPA management practices generally led to a better public image for employment and training programs. Interviews indicate most SDAs believed they had completed a successful transition to a new program and a new image. And they thought they had increased greatly the efficiency of the program through performance contracting. However, officials at most SDAs said their programs were too small to exert a discernible impact on the overall unemployment and welfare dependency problems.

JTPA successfully focused on welfare recipients. This was not only mandated by the legislation but also reinforced by the SDAs' inability to pay stipends to participants. Only those who had a means of support could afford to participate in JTPA, which meant enrollment was skewed toward those who had family or

friends to support them and toward welfare recipients. Thus most of the sites exceeded their goals for enrolling welfare recipients.

The SDAs had greater difficulty enrolling sufficient numbers of youths. They generally came close to their goals for enrolling women and minorities, while they showed only occasional interest, often stimulated by state incentives, in enrolling school dropouts, teenage parents, and ex-offenders. They generally placed little emphasis on serving the most difficult cases. They felt that performance contracting left them with no alternative but to avoid high-risk enrollees. Some would view this as "creaming," and others as helping those who stood the greatest chance of benefiting from the help. But, with a few exceptions, the SDAs largely gave a low priority to the legislation's exhortation to serve those "most in need."

JTPA required that a minimum of 70 percent of Title II-A funds be spent on participant-training activities, with the remainder allocated between program administration and participant support services. This represented a significant change from CETA, which permitted spending 20 percent for administration and had no fixed ceiling for support services. During both study periods, the sample sites spent a smaller share on support services than permitted or budgeted, but they exceeded the limit on administrative share. However, two-thirds of the study sites used performance-based contracting, which allows all reimbursement to service providers to be classified

as training expenditures. This reimbursement method masks administrative costs, and therefore actual expenditures for administration are higher than reported and training costs are lower.

Moreover, most SDAs were centrally staffed to expend their full Title II-A allocation, but since they did not expend substantial portions of the funds, this made administration a relatively higher percentage of what was actually spent. Support-service expenditures were low largely because SDAs and contractors tended to avoid recruiting those who needed them.

SDAs were most likely to fund relatively simple and brief training programs. This enabled them to respond to employment opportunities by quickly providing people who had appropriate training. The shorter programs also helped them meet federal unit cost goals. The decline in the average duration of training also reflected an enlarged role for job clubs, job search assistance, and other vehicles for helping people find jobs rather than providing them with specific skills training. Over 60 percent of the study sites said that the use of these short-term placement stategies had increased under JTPA. There was also an increase in the use of on-the-job training, which was viewed as an effective approach that yielded high placement rates. Classroom training continued at about the same level of usage as under CETA. SDA officials said that the entrance criteria for many of the training programs were set at relatively high levels, often requiring at least seventh-grade

reading and math for consideration.

JTPA brought about two major changes in the system of governance and oversight that had shaped CETA. First, JTPA brought private-sector employers into local decision-making through private industry councils which shared authority with local officials. And second, JTPA delegated to the states most of the oversight and policy direction that had previously been the responsibility of federal officials.

The PICs were created to give local employers an important role in shaping local training programs. In large measure this was to ensure that trainees would be prepared for existing jobs. While the legislation left unclear the precise division of labor and authority between the PICs and local officials, mainly harmonious relationships have been forged. They are seldom equal partnerships, however: in some instances, PICs dominate the SDAs, in others local officials are preeminent. In either case, however, the orientation toward meeting specific goals and achieving operating efficiencies has become an important part of the operating styles and philosophies of the SDAs being studied.

The PICs have played an important role in reshaping the managerial practices and policies of employment and training systems. They have also placed an emphasis on distancing JTPA from CETA and creating a positive image for the program. In a few SDAs, PICs have sought to reduce contracting with community-based organizations (CBOs) in favor of profit-making

training organizations because they question the social service orientation and training skills of many CBOs. As a result of PIC efforts, about 20 percent of the SDAs have also sought to promote efforts to custom-tailor training programs to meet the needs of specific employers.

While the involvement of business representatives has played an important role in altering the management and operations of employment and training programs, the new role provided to the states has had a limited impact on the implementation of Title II-A (although the states' role did have a major impact on the implementation of other titles, such as assistance programs for dislocated workers). That impact has been exerted largely through the distribution of JTPA funds granted to the states for discretionary purposes. Some states have become involved in substantive policy issues in order to encourage more programming, particularly for those most in need who are not being served by the SDAs. States have also sought to use JTPA for economic development purposes.

The picture that emerges from the majority of SDAs in this study is one in which substantial changes have been made in the managerial practices surrounding employment and training programs, changes that have resulted in greater operating efficiencies when judged by most conventional business bench marks. JTPA has also resulted in an emphasis on helping those most likely to be employed to take the last few steps needed for placement. It has chosen to pay less attention to those who need the most help in finding work.

I

Introduction

Overview

Title II-A of Job Training Partnership Act (JTPA)[1] focuses on providing job training for the economically disadvantaged [2] and accounts for about 50 percent of the $3.6 billion appropriated under JTPA in the fiscal year ending September 30, 1984.

This study, which has been supported by the National Commission for Employment Policy, the Charles Stewart Mott Foundation, the Rockefeller Foundation and the Ford Foundation, seeks to document and assess the process of implementing JTPA. It focuses on such questions as: Who receives JTPA training? What kinds of training and support services are provided? What policies, objectives, and institutional arrangements have

---

[1] The Act has five major sections: Title I establishes JTPA's purpose, institutional framework and programmatic rules; Title II deals with training services for the economically disadvantaged, including the year-round II-A programs for adults and youth and the II-B summer youth program; Title III is focused on assistance for dislocated workers; Title IV provides federally administered programs for Native Americans, migrant workers and veterans and includes Job Corps and other special activities; and Title V contains miscellaneous provisions including amendments to the Wagner-Peyser Act.

[2] Includes (a) those with income less than the Office of Management and Budget's poverty level or 70% of the lower living standard income level, whichever is higher; (b) federal, state or local welfare recipients; (c) food stamp recipients; (d) foster children for whom state or local payments are made; and (e) handicapped individuals who are economically disadvantaged but whose families are not, as permitted by the Secretary of Labor.

emerged as the Act has been implemented? And how effective has the JTPA program been in meeting its major goals?

JTPA was signed into law in October, 1982. It was enacted amid a continuing and substantial decrease in federal spending for employment and training services. As Table I-A illustrates, when JTPA commenced operations in fiscal year 1984, federal funds for employment and training had fallen to 38 percent of their 1979 level. Much of the reduction reflected the phasing out of public-service employment, which had required substantial funds for wage payments to participants. JTPA focuses heavily on training activities while minimizing federally-subsidized wage payments, thus continuing a trend begun in the final years of the Comprehensive Employment and Training Act (CETA).

TABLE I-A
CETA/JTPA Allocations, 1979-1984
(in billions)

Year	Total
1979	9.443
1980	7.54
1981	6.3
1982	4.09
1983	3.39
1984	3.6

The 1984 fiscal year allocation for all JTPA training activities was $2.6 billion. By contrast the CETA budgets for training activities had declined from $3.9 billion in 1980 and 1981 to $3.0 billion in 1982 and 1983.[1] Clearly, JTPA's

[1] The numbers are actual dollars appropriated. If inflation is taken into account, the decline is of course greater.

reflects a record level of support for training, though the decrease is not as dramatic as the overall reduction caused by the end of public-service employment.

Because of the growing emphasis on controlling federal budget deficits through expenditure reduction that began in the mid-1980s, many observers believe that federal support for employment and training programs will continue at these reduced levels for the foreseeable future. Since the number of individuals categorized as economically disadvantaged has increased since the enactment of JTPA, the allocation of the limited available funds and the effectiveness with which these funds are used are important issues, not only in themselves but as indicators of the potential for dealing with other major social problems amid a significantly reduced federal commitment.

Moreover, the results achieved by JTPA have implications that extend beyond employment and training, because the Act embodies several of the Reagan Administration's key principles for dealing with social problems. These include the involvement of the business community in directing its programs, the enhanced role of the states, and the use of performance standards.

Under CETA, local elected officials had exclusive authority to decide how federal employment and training funds were spent in their local communities. JTPA, however, calls for the formation of local private industry councils, a majority of whose members must be business executives and whose chair is

to be drawn from the PIC's business representatives. JTPA also stipulates that local elected officials and PICs are to share authority over local JTPA programs, and then leaves to local negotiation the exact division of powers and responsibilities.

The Act's legislative history makes it clear that business involvement is viewed as necessary to determine the content of JTPA training programs because businesses will employ many of their graduates. Critics of CETA felt that more substantial business involvement was needed to ensure sound management practices and promote efficiency and productivity. Thus, under JTPA, business has been given an important role in shaping local employment and training programs.

The Administration's vision of the proper roles for the various levels of government -- its "New Federalism" -- is also a major structural element of JTPA. Under CETA, state governments had authority over limited discretionary funds and direct responsibility primarily for large rural areas. Under JTPA the states are assigned substantial oversight authority for all operations within their boundaries, urban as well as rural. Moreover, the federal government, which had primary oversight authority and dealt directly with local operations (except large rural areas) under CETA, has defined for itself a more circumscribed role under JTPA. This shift in oversight authority reflects skepticism about the efficiency of the Federal bureaucracy at solving critical national social

problems. JTPA's sponsors anticipated that state administrations would permit increased flexibility and speed in responding to local concerns and needs, while reducing the bureaucratic complexity and paperwork burden which critics said had plagued federally-directed social programs.

Consequently the performance of the states under this new arrangement is not only an issue that affects JTPA programming and performance, but also a useful source of information regarding the potential and limits of the "New Federalism" approach.

JTPA also reflects the view -- held by a broad spectrum of political leaders, employment and training professionals, and social policy observers -- that social program initiatives should be held to clear and quantifiable standards of performance. The legislation states:

> The Congress recognizes that job training is an investment in human capital and not an expense. In order to determine whether that investment has been productive, the Congress finds that -
>
> (1) it is essential that criteria for measuring the return on this investment be developed; and
>
> (2) the basic return on the investment is to be measured by the increased employment and earnings of participants and the reductions in welfare dependency (Sec. 106 (a)).

JTPA not only emphasizes the development of standards for measuring effectiveness, but also assures ready access to necessary data since criteria for assessing program effectiveness are listed in the legislation. These include placement and retention in unsubsidized employment, reductions

in the number of families and individuals receiving cash welfare payments, and reductions in the amounts of such payments (Sec. 106(b)(3)).

A reading of the Congressional hearings preceding JTPA's passage indicates two primary sources for the Act's very specific directives on effectiveness. There was not only a concern that limited public monies be spent efficiently; there was also a concern that the large sums of money which had already been spent on research and demonstration programs over the past decade should be utilized to guide JTPA programming.

The development and use of performance measures was a relatively innovative technique in national social programming. How it was implemented under JTPA was a critical issue for the JTPA system, and potentially an important precedent for other national social policy legislation.

* * *

The Initial Stages of the Study

The study has been carried out over a two-year period in three phases, each of which has focused on different aspects of the basic issues outlined above. The first phase examined the development of local decision-making structures and program plans, as well as state oversight activities, during the year-long planning phase JTPA provided prior to the official implementation date of October 1, 1983. The report resulting from that phase noted that:

o The partnership, between local elected officials and local private industry councils, that the Act sought to establish in directing local JTPA policies and programs, was set up at most of the study's sample sites. PIC participation by business owners and executives was an important factor at most of these sites.

o State governments, which were assigned many of the administrative, oversight and financial control functions that the federal government had previously held under CETA, were mostly sluggish in exercising the full extent of their new authority. This was in part due to state government doubts that the federal executive branch would in fact relinquish authority to the extent called for in the Act.

o The job training planned for JTPA's initial operating period relied heavily on the same programs and program operators as CETA. There were few dramatic program changes initiated at the local level.

o JTPA's initial level of funding permitted local service delivery areas (SDAs) to offer services to approximately one out of every 25 to 30 individuals who were eligible under Title II-A. Initial SDA plans indicated there would be little attempt to target those funds for groups with special problems within the large pool of eligibles.

The second phase of the study covered JTPA's initial nine-month operating period -- October 1, 1983 through June 30, 1984 -- which is described in the legislation as a "transitional

period" enabling JTPA to become operational before the Act's various performance standards, mandates, and penalties took effect on July 1, 1984. That phase of the study focused on determining which of the Act's various, and not always compatible, mandates and goals were receiving priority in the initial implementation phase. The report noted that:

- o Almost without exception the sample sites accorded top priority to meeting the placement rate and unit-cost standards set forth by the Department of Labor. Indeed, the sites exceeded those standards, often substantially, during the initial operating period.
- o The sample sites generally accorded low priority to the legislation's mandates to serve specific groups of individuals within the overall pool of JTPA eligibles. The Act's broad dictum to serve the "most in need" received little if any attention at the sites, for example, and the requirement that 40 percent of its resources be spent on youth was unmet, often by wide margins. The requirement that school dropouts be served "equitably" had little impact on state or local policies or programming.

The notable exception was the high enrollment level of welfare recipients at most sites. Employment and training officials and PIC members explained that the Act's mandate to reduce welfare roles was a goal agreed to by all parties. In addition, they said, the fact that welfare recipients were receiving income and support services from

welfare programs made them attractive clients under JTPA. Welfare recipients lowered JTPA expenditures and helped SDAs meet their cost goals. Moreover, the fact that welfare clients were receiving income and social services while in JTPA training bolstered the likelihood that they would complete training and be placed in jobs.

o The training services offered by the sites were of short duration -- typically less than three months -- and concentrated on on-the-job training, classroom training, and direct placement activities rather than skills training or work experience. They were accompanied by a low level of support services. Moreover, the SDAs focused their attention on launching their basic programs. There was little interest at the sites in implementing the innovative programming for youth specifically recommended in the Act, or, indeed, for establishing any programs specifically aimed at particular groups of eligible individuals.

o Business involvement at the local level in the private industry councils continued to be high, and the PICs played an important role in setting priorities and establishing policies for local programming, particularly in suburban and small and medium-sized city service delivery areas. In large urban and rural areas, however, local governments generally dominated employment and training programming and policies. The difference in leadership at the study sites between the public and private sectors did not produce

substantial differences in either programming or performance during the initial operating period.

- o The level and substantive content of state oversight of Title II-A increased during the transitional period, but the majority of SDAs in the study maintained that state oversight under JTPA was no less bureaucratic than federal oversight had been under CETA.
- o Overall spending of JTPA funds at most of the sample sites was substantially less than the amounts allocated. The substantial spending shortfall was not a start-up problem; monthly expenditures continued below planned levels during the last months of the initial operating period. Local and state officials attributed less spending of severely reduced federal funds to three factors: contracts that paid for placements, not enrollees, and that had not yet incurred significant costs; shorter and lower cost programs than had been anticipated; and, in several sites, difficulties in attracting enrollees.

The third and final phase of the study covers the operating period from July, 1984 through June, 1985 (PY 1984). It also utilizes data from the first two phases to present analysis and findings covering JTPA's implementation at the study sites from October, 1983 through July, 1985. This final report focuses on the trends and directives that characterize the Act's implementation and on the effectiveness of the JTPA program to date in meeting the Act's major policy objectives.

The critical question for any piece of social legislation is how effectively it eases the social problem it was set up to deal with. However, that question involves two complex issues: first there is the need to determine the nature and scope of the social problems the legislation aims to resolve. JTPA, like many social initiatives, is focused on more than one social problem, and Congress did not spell out its priorities. This report does not attempt to determine JTPA's priorities. It does articulate each of the problems the Act addresses and assesses JTPA's effectiveness in dealing with those problems at the study sites.

The second issue is how to measure JTPA's effectiveness in ameliorating specific social problems. This study was designed as a process study. It does not employ a control group methodology, which is generally regarded by social scientists as the most reliable way to measure a social service program's effectiveness, (nor is any other current study of JTPA employing such a methodology). Thus the study's discussion of JTPA's effectiveness is primarily based on the standards, measures and data, both quantitative and qualitative, produced by the JTPA system rather than any separate measure undertaken specifically for this study.

The study also attempts to discern the major operational forces that are shaping the JTPA program and influencing its impact. As outlined earlier, JTPA is distinguished from CETA by its decreased funding, increased business involvement, the use of performance standards, and an expanded state role.

This report recognizes that much of the period covered by this assessment, the first 21 months of JTPA's operation, was spent formulating programs and policies, and there is good reason to expect further adjustments to take place. This report does not attempt to portray JTPA as if it had settled into place at this early date in its history. Rather, it documents the major trends and offers some perspective on their likely durability and impact.

* * *

Methods

Several approaches to data collection were used in this study, including: (1) collection of statistical data regarding client and service characteristics and performance in 25 service delivery areas in 15 states; (2) comparative case studies based on field work in those 25 SDAs; (3) telephone interviews with key JTPA officials in a separate group of 32 SDAs. (See Tables I-B and I-C.)

The field work, carried out in 25 SDAs, provided the bulk of information for the study. Field instruments were developed for use by field analysts experienced in interviewing, collecting statistical information and writing reports. Field analysts were typically assigned at least two SDAs in order to give them firsthand experience with varying approaches to the implementation of JTPA.

TABLE I-B
Characteristics of Field Study SDAs*

SDA	MAJOR CITIES	SDA POPULATION	% ECONOMICALLY DISADVANTAGED
SIXCO (Arizona)		318,755	21.8%
CONTRA COSTA COUNTY (California)		665,300	10.5%
SAN DIEGO CONSORTIUM (California)	SAN DIEGO	1,861,846	19.1%
SOUTH BAY (California)		339,783	16.5%
DENVER COUNTY (Colorado)	DENVER	492,365	13.4%
LARIMER COUNTY (Colorado)		159,022	9.9%
LEON-GADSDEN-JEFFERSON-WAKULLA (Florida)		226,300	23.7%
TAMPA (Florida)	TAMPA	285,700	23.4%
SDA II (Kansas)	TOPEKA	483,758	16.2%
CHICAGO (Illinois)	CHICAGO	3,005,072	20.3%
LAND OF LINCOLN (Illinois)	SPRINGFIELD	210,000	9.3%
NORTH METRO (Massachusetts)		725,993	15.3%
DETROIT (Michigan)	DETROIT	922,035	27.4%
GENESEE/SHIAWASSEE (Michigan)	FLINT	521,589	10.0%
GULF COAST (Mississippi)		182,202	21.4%
BUFFALO-CHEEKTOWAGA-TONAWANDA (New York)	BUFFALO	558,581	21.5%
NEW YORK CITY (New York)	NEW YORK	7,071,639	19.0%
WESTCHESTER COUNTY (New York)		671,248	10.1%
SUSQUEHANNA (Pennsylvania)		513,736	8.0%
RICHLAND COUNTY (South Carolina)		269,572	15.3%
HOUSTON (Texas)	HOUSTON	1,750,000	12.5%
RURAL CAPITAL AREA (Texas)		227,890	15.4%
VERMONT (Vermont)		539,091	13.0%
SEATTLE/KING COUNTY (Washington)	SEATTLE	1,320,000	7.0%
SPOKANE (Washington)	SPOKANE	353,000	-----

*Numbers are taken from SDA training plans.

TABLE 1-C
Telephone Survey SDAs

Alaska (Statewide)
North East Arkansas
South West Arkansas
Greenlee County, Arizona
Golden Sierra SDA, California
Riverside County, California
Bridgeport-Norwalk-Stamford Valley, Connecticut
South West Florida
Metro Atlanta, Georgia
South East Idaho
Kankakee Valley, Indiana
Cherokee, Iowa
Blue Grass, Kentucky
Ouachita Parish, Louisiana
Upper Short, Maryland
Region 7B, Michigan
West Metro, Minnesota
Camdenton, Missouri
Southern Nevada, Nevada
Burlington County, New Jersey
Sullivan County, New York
Centralina, North Carolina
Mahoning-Columbiana, Ohio
South East Ohio, Monroe, Ohio
Central Oklahoma, Oklahoma
Eugene, Oregon
Beaver County, Pennsylvania
Jackson, Tennessee
Brazos Valley SDA, Texas
Bear River District, Utah
Greater Peninsula, Virginia
South East Wisconsin

The information requirements and systems of the federal and state governments have undergone significant modifications in the transition from CETA. JTPA's minimal federal reporting requirements have resulted in significantly less uniform information than heretofore existed. Though the states in most instances require more information from the local JTPA programs than does the federal government, state data requirements and definitions are not uniform and therefore rarely comparable. The process of shifting from a federally-developed information system to state-developed systems is incomplete in many states, and information could not be obtained. Thus the focus of the study was on observation and interviews at the local programs.

There were initially 596 service delivery areas in the nation designated under JTPA, and 57 SDAs were chosen for examination in this study. Two different strategies were employed in selecting these SDAs. The field study sample of 25 SDAs was chosen to be representative of the nation's SDAs. The criteria used for sample selection were geographic distribution, ethnic diversity, unemployment rate, and urban/rural/suburban configuration. The sample overrepresents SDAs with large populations in an effort to capture the use of JTPA resources and not simply the manner in which JTPA jurisdictions were formed. Thus the 25 field sites represent four percent of the nation's SDAs and receive 12 percent of total JTPA funding.

An additional 32 SDAs were chosen for a telephone survey to complement the 25 selected for field work. These SDAs include a higher proportion of sites that are rural or rural/suburban, as well as a higher proportion of SDAs whose boundary lines do not conform to previous CETA jurisdictions. This purposeful sampling assured a balance among the various types of communities represented by the variety of SDAs. Thus, through the use of the telephone survey sites, the in-depth findings obtained through the field sample could be verified, modified, or discarded in terms of their more uniform applicability.

II

Performance

The initial step in determining the effectiveness of JTPA's Title II-A is to determine what problems its framers intended to alleviate. In the broadest view, Title II-A of JTPA was set up to provide training that would increase the earned income of poor people. As has been noted, the Act states that its success is to be measured "... by the increased employment and earnings of participants and the reductions in welfare dependency." As set forth in the legislation's introduction, JTPA's most important substantive eligibility criteria are that a participant be poor, according to federally established income standards, or be receiving welfare or food stamps. The eligibility criteria do not require an individual to be unemployed in order to receive JTPA's services, nor do they specify how long an individual has to have been in impoverished circumstances. Thus the basic eligibility criteria are very broad; they encompass an estimated 20 to 25 million individuals.

From the outset JTPA appropriations for Title II-A have remained at about $1.8 billion. According to early Department of Labor projections, that funding level would permit JTPA to provide training services to about one million people, or between four and five percent of the eligible population. In its first full year of operation, beginning July 1, 1984, JTPA provided services to about 800,000 people. Thus, although JTPA

was ultimately created to reduce poverty and welfare rolls, it cannot by any reasonable standard be expected to affect those national problems in a significant way. It has too few resources to do so.

Nor can JTPA be expected to result in any overall reduction in unemployment rates. Its scale is too limited, and it is not a job creation program. It has been established to prepare poor people for existing jobs, particularly in the private sector, which provides the overwhelming majority of jobs in the U.S. The basic challenge for JTPA is to help poor people fill those jobs.

The framers of JTPA were aware that within the overall population of poor people there were several definable groups that required specific attention for substantive and political reasons. For example, the desire to decrease long-term dependency on welfare by placing recipients in regular jobs, has been a major social goal since the surge in welfare rolls during the 1960s. Though welfare rolls and federal expenditures on the primary federal welfare program -- the Aid to Families with Dependent Children (AFDC) program -- have actually been relatively stable since the early 1970s, the issue has remained one of high political visibility and controversy. The statute's major goal of reducing federal welfare rolls indicates the continued importance of this issue. As part of that focus, the statute specifies that AFDC recipients must receive an "equitable" share of JTPA services.

JTPA framers were also acutely aware of heightened national concern and doubt over the readiness of youth for employment in a job market characterized by increasing educational demands. High school dropout rates of 40 percent and higher have not been unusual in large urban areas for many years, and unemployment rates among minority youth have remained at levels of 50 percent and above. In response to this critical national problem, JTPA mandates that 40 percent of Title II-A resources be spent on youth. An additional eight percent of the funds are to be directed toward encouraging coordination between the employment and training system and educational agencies. The legislation also specifies in detail several "exemplary" programs which it recommends for local implementation, and specifies that different measures would have to be constructed to assess the Act's effectiveness for youth (different from those used for adults).

The statute also recognizes the national concern over school dropout rates by mandating that dropouts be "equitably served," that is, in proportion to their representation in the total eligible population. It does not specify any age group for these dropouts.

In addition to welfare recipients, young people, and school dropouts, JTPA also includes language that reflects interest in other groups. For example, the Act promotes non-traditional employment for women by stating that "[e]fforts shall be made to develop programs which contribute to occupational development,

upward mobility, development of new careers, and overcoming sex-stereotyping in occupations traditional for the other sex" (Sec. 141 (d)(2)). The Act also allows for up to ten percent of those served in JTPA programs to have incomes above the Act's poverty criteria, so long as they have "special barriers to employment." As examples, the Act mentions teenage parents, handicapped persons, those with limited English proficiency, alcoholics, older workers, veterans, displaced homemakers, offenders and addicts.

However, unlike the 40 percent expenditure requirement for youth, or the overall goal for reducing welfare rolls, or the equitable service requirements for AFDC recipients or dropouts, the Act does not set any quantitative goals or measures for these groups. In fact, reflecting the importance of decentralized decision-making in JTPA, the Conference Report on JTPA states that "... decisions concerning local priorities in relation to such issues as participant mix ..." are reserved for local decision-making by the PIC and local government.

While not specifying numerical goals, the Act did offer several guidelines to be used in deciding on the "participant mix." It said that participants were to be in "special need" of JTPA's services, or, put another way, "each job training plan shall provide employment and training opportunities to those who can benefit from, and who are most in need of, such opportunities" (emphasis added). The Act went no further in defining these terms. Some observers looked upon these words as

an admonition to avoid "creaming," or enrolling only those clients easiest to serve while avoiding difficult cases. Another way to view these words is in terms of the Act's emphasis on training as an investment that should produce a good return. The Act does not require that JTPA deal with eligibles who represent poor risks for success, but it does want its funds spent on those who decidedly need those services.

This last point reflects the considerable body of knowledge about job training programs that has developed over the past 20 years. For example, it is now well-established that AFDC welfare rolls, at any given point in time, are largely composed of people who are temporarily out of work, though they may alternate between work and welfare during much of their adult lives. About 20 percent of welfare recipients are truly "long-term dependents," individuals who will remain on the welfare rolls for six years or longer. No infallible predictors have been established to identify these individuals, but certain characteristics are associated with long-term dependency. Typically they are never-married, high school dropouts, with more than one child. This knowledge makes it possible to design programs for these individuals and there is substantial evidence showing very favorable returns on investment in such programs. However, they do require a substantial initial investment of public funds.

There is also some evidence showing a slight favorable return on investment from low-cost programs for recipients who are not long-term welfare recipients, but are randomly drawn from the AFDC population. Both investments, according to the research, have a favorable return.

The youth situation is similar. To date, while some question the research findings, the Job Corps is usually regarded as providing the highest return on investment in that it has achieved a strong return in helping a high-risk group of youths find employment. However, its initial cost is relatively very high compared to other programs. Less costly programs for less high-risk youth have not shown such a strong positive return.

In addition to being costly, the high return programs for high-risk eligibles do not have high placement rates in absolute terms. A 45 percent placement rate would be impressive, for example, in light of a credible, controlled study which shows that only 20 percent would have been placed without the program. An 80 percent placement rate would be less impressive in light of data which shows that 75 percent would have obtained jobs without the program.

Thus the issue of "most in need" and "who can benefit from" is not simple. It actually combines two distinct issues. The first is a <u>policy</u> question: whether there are compelling social, moral, or political reasons to deal with groups that are "most in need" rather than groups who are less badly off, and may need less help, but are nonetheless poor. That is an issue on which

reasonable people, with limited available resources, could disagree. The second is a cost-benefit issue: whoever is served, and whatever the program, can a favorable return on investment be shown? On this issue there is evidence from previous programs and studies to build on. Congress called for additional evidence to be obtained under JTPA.

The Act thus sets forth a complex and impressive web of enrollment requirements,. It aims 90 percent of its funds at the poor, while 10 percent can serve the non-poor, if they have special problems relative to securing or maintaining a job. Forty percent of the money must go toward youth. Dropouts and AFDC recipients must be equitably served. A non-quantifiable mandate to develop non-traditional training for women is set forth. And language regarding "special need" or "most in need" is inserted to guide the local programs in their enrollment decisions. Finally, the Act calls for hard evidence regarding the program's effect on the employment and earnings of its participants, and on reduction in welfare rolls and costs.

* * *

Overall Performance

The various objectives that the JTPA legislation sets forth require that its implementation performance be viewed from several perspectives. A useful starting point is to look at available data regarding the Act's call for an overall return on investment.

Official Measures

JTPA specifies that " ... the increase in employment and earnings and the reductions in welfare dependency resulting from participation in the program" would be the basic measures of performance for adult training programs. The Secretary of Labor was to prescribe standards in order to determine whether these basic measures were met. Youth programs were also to be assessed, and other measures, including achievements in providing education, and increasing work readiness, were to be integrated into the youth performance standards.

Failure to meet the federally prescribed performance standards would initially be met with technical assistance from the state JTPA office. However, if failure to meet standards persisted for two consecutive years, the governor was to impose a reorganization plan to improve SDA performance. The first two-year period to which this penalty clause applies ended on June 30, 1986.

The Labor Department issued the intial set of performance standards in October, 1983. Table II-A sets forth those standards and the actual performance of the field study sites during the initial operating period -- the "transition period" -- from October 1, 1983 through June 30, 1984.

For the first full year operating period -- the PY 1984 period from July 1, 1984 through June 30, 1985 -- the Department made alterations in several of the standards. Table II-B sets forth those standards and the performance of the sample SDAs for the first full-year period.

TABLE II-A
Federal Performance Standards
and SDA Performance During the Transition Period

Adults	Federal Standard	Actual Performance
Entered Employment Rate	58%	70%
Cost per Entered Employment	$5,900	$3,324
Average Wage Placement	$4.90	$4.61
Welfare Entered Employment Rate	41%	53%
Youth		
Entered Employment Rate	41%	64%
Positive Termination Rate	82%	71%
Cost Per Positive Termination	$4,900	$3,145

TABLE II-B
Federal Performance Standards and
SDA Performance During PY 1984

Adults	Federal Standard	Actual Performance
Entered Employment Rate	55%	68%
Cost per Entered Employment	$5,704	$3,410
Average Wage Placement	$4.91	$4.80
Welfare Entered Employment Rate	39%	60%
Youth		
Entered Employment Rate	41%	66%
Positive Termination Rate	82%	74%
Cost per Positive Termination	$4,900	$3,037

There are several notable features in the standards and the SDAs' performance. First, the federal government requires no other substantive performance reporting from the states beyond these standards. The standards require reporting on three major participant subgroups: adults, youth, and welfare recipients. The latter two groups were singled out for primary policy focus in the legislation. The federal standards do not track performance regarding any further subgroups mentioned in the legislation, such as school dropouts, AFDC recipients,[1] women, the handicapped, and others, nor do they require reporting on provisions of the Act which are to be utilized for subgroups, such as the ten percent work eligibility window. Data collection on and monitoring of those requirements are left to the individual states.

There is little consistency among the sample states regarding goal setting, data collection, and reporting on these subgroups. About two-thirds of the states indicate a strong interest in monitoring such issues and about one-third have implemented systems that would provide useful data for that monitoring. Problems of definition, systems development, and enforcement authority are the most frequently mentioned obstacles to state oversight on these issues.

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[1] The federal standard on job placement for "welfare recipients" covers both AFDC recipients and participants in local/state welfare programs. AFDC recipients are over 90 percent women, and most local/state funded programs report a substantial majority of male recipients.

The federal standards do not require developing information directly related to the legislation's basic long-term goals. The standards were established as the result of the work of technical and policy groups set up under both CETA and JTPA, utilizing performance data from CETA programs. The seven standards emphasize the accomplishments of in-program performance: five of them relate to job placement rate and cost per placement; one to the wage rate on the day of placement; and the final standard to additional measures of youth employability.

An important issue is the extent to which these short-term measures provide indications of the longer-term performance that the legislation views as fundamental to JTPA's success. For example, though JTPA does not require that a person be unemployed in order to receive its services, available individual SDA data, plus JTPA's poverty-income eligibility standard, indicate that persons currently unemployed, or in part-time jobs, make up the majority of JTPA participants. Thus the high placement rates achieved for youths, adults, and welfare recipients in both the transitional and PY 84 periods indicate success in achieving the goals of increasing employment of JTPA eligibles. However, the job placement rate data tallies graduates who show up at their new jobs on the first day; it includes no indication of whether or not these people remained on the job thereafter. Given the high turnover rates in many entry-level, low-wage jobs, and the fact that most JTPA participants have previously held jobs, the only clear inference

that can be made from high placement rates alone is that the SDAs and local program operators are very successful in locating job openings and securing them for participants.

Sixteen of the 25 field sites do require longitudinal information on job placements. For example, many require service providers to report on how many participants are still on the job after 30 days, and several require information on 60 days or longer. These requirements are used primarily as a tool of performance-based contracting; that is, some percent of a service provider's reimbursement from the SDA (ranging from five to 15 percent) is conditional on the placement lasting for the pre-determined period. However, the information does not become part of the reporting on the federal performance standards because it is not required.

Reporting on participants' wage rates at time of placement in regular jobs is also required. Although that does not directly inform the statute's "increased income" goal, based on JTPA's income eligibility standards the wage rate standard is set high enough that achievement of the wage goal might be a reasonable proxy for the complex methodology and data required to directly inform the "increased income" goal.

However, performance regarding the wage rate standard was not as impressive as placement rate performance. Whereas the sites' performance on placement rates was on average 37 percent <u>above</u> the federal standard, performance regarding wage rates was on average 16 percent <u>below</u> the federal standard (using the

minimum wage, $3.35 per hour as the base). Thus it is not possible to determine with any confidence the degree to which the legislation's bottom line of increased income is being accomplished. Wage rate performance did, however, improve over the course of JTPA's initial 21 months, as Table II-B indicates.

The federal performance standards also include no direct or reliable indirect way to measure the statute's "welfare reduction" goal. The required placement rate for welfare recipients (41 percent) was set using prior performance data, and it provides no information relative to JTPA's actual impact on welfare reduction, given existing knowledge about the high natural incidence of "churning" among most welfare participants; i.e. alternating between welfare, jobs, and other forms of support, with or without program intervention. In addition, federal reporting is not required regarding the makeup of the welfare recipients participating in the program, length of stay, etc. All of these have a bearing on the likely incidence of actual reductions in welfare rolls. However, as Tables II-A and B show, placement rates for welfare recipients have on average been 29 percent higher than the federal performance standard.

SDA performance regarding the cost standards has been "startling," as one SDA Director put it. As has been noted, the first two waves of study interviews indicated that meeting cost standards was a top priority in the development of SDA policies, programs, and management techniques. The 57 study site PICs' greatest common area of interest was contractor selection, in

order to ensure that cost and placement standards would be met. The emphasis paid off. Tables II-A and B show that the average costs for both youths and adults were substantially below the federal standard in both operating periods and showed no signs of significant upward movement.

Reaction to cost performance was divided between unrestrained enthusiasm and concern over implications. Almost without exception PIC chairs were delighted. As one said, the cost performance results "show they were right to get business involved. We've cut out the fat." Other JTPA officials were pleased that the cost standards had been met, but they were also concerned that the cost was <u>too</u> low, offering evidence to critics that JTPA programs were in fact selecting for participation only those eligibles who would easily succeed. This ambivalence perhaps best explains the "startled" reaction of a number of the SDA directors; not one of the field study SDAs that bettered the federal cost standards had projected in their planning estimates that they would do so by so much.

Cost performance, in conjunction with the high placement rates, does seem to indicate that JTPA participants are, in fact, not the hardest-to-serve of the JTPA eligibles. While that may be a policy choice, cost performance is neutral regarding JTPA's cost-effectiveness; a lower program cost requires fewer cost benefits, in terms of income and welfare reduction, to achieve a positive benefit/cost ratio. Those benefits may be harder to achieve, since by definition the

individuals served have fewer impediments to employment and are more likely to succeed on their own, without the benefit of program intervention. But on the other hand there are fewer costs to cover. There is no information currently available by which to assess whether or not the benefits of JTPA are covering its costs.

The study sites were unable to achieve the youth positive termination rate of 82 percent called for in the legislation. On average they fell 19 percent short of meeting that goal. They did, however, place youth in jobs well beyond the 41 percent standard, so the shortage in meeting the youth positive termination standard was exclusively in other areas of positive termination, such as schooling, enrollment in the armed services, and, particularly, achievement of PIC-approved employability competencies. Most SDAs said their early, intense focus on job placement rates had caused them to place less of an emphasis on the need for other alternatives for youth.

Most SDAs saw their ability to meet or exceed the majority of the performance standards as a clear indicator of the JTPA program's early operating efficiency. They felt that achieving that efficiency, particularly regarding placement rates and cost per placement, was critical if federal support for employment and training programs was to be maintained. One SDA staff director said:

> Our first job was to prove that JTPA isn't CETA. That means to be efficient, and avoid fraud and abuse. We've had no fraud and abuse. And our placement rates and costs beat the federal standards -- that proves we're efficient.

State JTPA officials agreed with the SDAs' assessment. Many of them also felt a need to establish mechanisms for producing data on JTPA's longer-term performance. Thus seven of the 25 field study states have instituted some kind of requirement that will produce incentives for longer-term performance. The State of Washington, for example, has added an additional performance standard to the seven federal standards: that 60 percent of all adults placed in jobs after JTPA services be on that job after 13 weeks. Moreover, the State of Kansas is adding a performance standard that will require information on earnings increases produced by participating in JTPA.

Indeed, many of the states will soon have information available on the durability of JTPA placements, for intervals ranging from 30 days to six months. A few will also have information on the earnings increase achieved by participants, and on the number of welfare recipients who actually go off the welfare rolls for varying lengths of time. However, there is little chance that this information can be aggregated to constitute a national set of data measuring JTPA's long-term impact and effectiveness, since each state has different duration requirements and methodology.

In addition, it is not clear that such state initiatives will be entirely successful, or that other states will follow suit. Many SDAs have resisted state efforts to collect information beyond the seven federal performance standards; some

have mounted collective lobbying efforts to stall additional data requirements, or at least to keep them to a minimum. The collection of follow-up data is seen as an expense that the SDAs' reduced administrative budgets cannot bear.1

Thus the official measures of JTPA performance currently in use portray an efficient, low-cost job placement program. While they are useful and reliable measures of short-term efficiency, they are less reliable as indicators of "return on investment." However, the cost-per-placement of JTPA to date has been so low that it would not require an exceptionally high level of long-term success, in terms of increased income and reduced welfare dependency, to cover those costs. The high placement rates argue well for a positive return; the wage rate levels of those placements do not. At this point, there is simply insufficient data to fashion a credible judgment on the legislation's call for economic efficiency.

Expenditures and Participants

Another perspective on JTPA's performance is its capacity to enroll and train large numbers of participants. As pointed out earlier, JTPA's level of funding is not sufficient to deal with more than about five percent of those individuals eligible for its services, and in large urban areas, this percentage is often reduced by at least two points.

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1 SDA administrative costs have a 15 percent cap, compared to 20 percent under CETA. The average SDA in the study sample actually spent 17 percent of its Title II-A budget on administration.

However, unexpectedly low costs per participant created the capacity to enroll a greater share of the JTPA eligible population than projected. Fulfilling that capacity, though, would require the full expenditure of available funds, and this did not occur. Twenty-two of the 25 field sites did not expend their full Title II-A allocations for either of JTPA's first two operational periods. In fact 16 of those 22 SDAs -- 73 percent of the field sample -- did not expend even 75 percent of their total allocations for that period. The average expenditure rate over the entire period for the sites was 70 percent. Data from the sample sites indicate that the average expenditure rate dropped slightly in the second period, from 72 to 69 percent.

This widespread pattern of low expenditures initially appears puzzling. After all, JTPA's total annual appropriation has been less than 40 percent of the 1979 CETA appropriation. Moreover, there are an estimated 20 to 25 eligibles for every available JTPA slot; and the total number of eligibles has risen since JTPA was launched. Third, as reported in earlier study reports, insufficient funding was cited by a majority of the study SDAs as a primary concern in the face of the social problems mentioned in the JTPA legislation.

The picture is clarified, however, in the light of four factors: the SDAs major objective of distancing JTPA from CETA's poor public image; the new local decision-making and management structures, which included strong input from business representatives on the PICs; the dominance of the seven federal

performance standards in the framing of local policy and program priorities; and the actual achievement at most SDAs of total enrollment goals. These factors worked together to diminish the importance of increasing expenditure levels to full appropriations levels.

The study's first and second round of field interviews indicated that almost without exception the CETA program had a very poor public reputation in many localities, particularly among local businesses. JTPA officials agreed that a critical task in building the program was to disassociate it from CETA. One PIC chairman said that "CETA was one of those oversized, federal giveaway programs that did nothing." Many would dispute this view but the image of CETA that has endured is often one of waste, inefficiency, and abuse.

JTPA's image-building efforts put no priority on such traditional bureaucratic benchmarks as spending all available money or enrolling the maximum numbers possible. That kind of thinking, said one JTPA staff director, who had previously been a CETA staff director, was "a relic of the past. At least it is in public, or at a PIC meeting." At most sites there was a concerted effort to sell JTPA as a business-oriented operation, not a social program. Flyers, brochures, business cards, staff titles, and other JTPA paraphenalia were devoid of words that might bring to mind CETA, or "social programs". The Mississippi Gulf Coast SDA became the Gulf Coast Business Service Corporation, for example, and the Westchester County, New York SDA became JOBTRAC, Inc.

The change in orientation has not only exerted an impact externally but also internally. When asked his judgment on JTPA's effectiveness in dealing with local social problems, the staff director at one SDA replied that JTPA was not intended to deal with social problems. He said it was a labor exchange whose job was to develop relationships with public economic development efforts and local businesses. Though few who have read the legislation or who are involved in its operation would go so far, it is a dramatic example of the change in thinking that has taken place between CETA and JTPA. That change includes a proportionately decreased interest at most sites in spending what is available as an important goal.

The business representatives on the local PICs have played a major role in nurturing a more business-oriented image of JTPA. They have for the most part shown little interest in total expenditures, or total enrollments, as measures of success. When one PIC chair was asked about the reasons his SDA was substantially underspending, he said that was "...a CETA question, not a JTPA question." PIC business representatives in several of the SDAs noted that a business operation does not have as a primary goal <u>spending</u> money, and JTPA administrators would have to adjust their thinking if they were to operate like a business. In Tampa, Florida, PIC members were proud that the SDA spent less than 80 percent of its Title II-A allocation, and viewed it as a positive accomplishment. In the three SDAs with the most extreme underexpenditures -- each spent less than 60

percent of budgeted funds -- the PICs' business representatives were the key parties in not allowing funds to be spent until SDA policies and procedures were complete and appropriate contractors were found. Though the public officials involved in these SDAs were nervous about such low expenditure rates, the PICs were adamant, and they prevailed.

The federal performance standards were also a critical factor in relegating total expenditures to a low priority item. The seven standards include no mention of expenditures. Only one of the 15 field study states chose to add the expenditure rate as an additional measure of performance, and neither the federal nor state agencies involved in overseeing JTPA put significant pressure on the SDAs to expend their full allocations.

The strong SDA desire to exceed the federal performance standards, particularly the cost and placement standards, also acted as a brake on expenditures. Table II-C below sets forth the seven federal standards and the percent of the study sites that met or exceeded those goals.

As the Table indicates, the five standards relating to job placement or cost were each exceeded by at least 90 percent of the study SDAs. This consistently high performance required careful attention by the SDAs to ensure that only contractors likely to meet the cost and placement goals were selected.

TABLE II-C
Federal Performance Standards
and PY 1984 Field Site Performance

	Federal Performance Standards	% of Study Sites that Met or Exceeded Standard
1. Adult Entered Employment Rate	55%	94%
2. Adult Cost per Entered Employment	$5,704.00	90%
3. Adult Average Wage Placement	$4.91	81%
4. Welfare Entered Employment Rate	39.%	100%
5. Youth Entered Employment Rate	41%	100%
6. Youth Positive Termination Rate*	82.%	44%
7. Youth Cost per Positive Termination	$4,900.00	95%

* A positive termination for youth includes enrollment into further education or training, entrance into the armed forces, or the achievement of specific "competencies" or bench marks (usually educational, job-seeking, or occupational skills) approved by the PICs.

Choosing contractors for various services was an area of considerable PIC attention at two-thirds of the field sites. Thus the selection process at most of the SDAs was often longer than had previously been the case.

Moreover, by July 1, 1985, 22 of the 25 field study sites had moved to some form of performance-based contracting, in which service providers were not paid on the basis of

expenditures but rather for the achievement of critical goals, such as the completion of training and placement into jobs. As a result, service providers chose program participants very carefully. Since much of their reimbursement money was dependent on each participant completing the training program, and enduring in the subsequent job placement, little could be gained by enrolling large numbers of participants who might not succeed.

They also ran much shorter training programs than had been the case before performance-based contracting was instituted; programs averaged less than 12 weeks in the study sites, compared to almost 20 weeks previously. These adjustments brought the average cost per adult placement down to $3,410, only 59 percent of the federal standard of $5,900.

Any pressure to expend the Title II-A allocation was also diffused because during the July 1, 1984 to June 30, 1985 operating period almost three-fourths of the study sites met or exceeded their participant service goals. Thus the Houston SDA spent less than two-thirds of its allocation but enrolled 90 percent of its projected total enrollment number. Seattle spent 86 percent of its allocation, and significantly exceeded its enrollment plan. The Tallahassee, Florida SDA exceeded its enrollment projections by one-third, and spent only two-thirds of its allocation. Table II-D illustrates basic SDA performance in spending and participation. The ability to serve the number of people projected reduced the impact of any criticism or pressure that was generated by the low expenditure rate.

TABLE II-D

Title II-A Expenditures and Participants Versus Plan

Projection Regarding:	Percent of Sites That Met or Exceeded Projections:
II-A Expenditures	12%
Enrollments or Terminations*	72%

* Some SDAs account for program participation in terms of number of enrollments, others by number of terminations.

The fact that total JTPA funding was so modest, compared to the number of eligibles, did not serve as an incentive to SDAs to utilize limited funds in most instances. However, in a few SDAs, both local government and PIC members have shown increasing concern over low expenditures, particularly since the expenditure rate decreased in the PY 84 period. Several local government officials stated that JTPA might be an easy target for substantial federal funding reduction, or even be "zeroed out", if it cannot soon show more substantial use of funding in the face of the apparent need. But local policy makers were unwilling to accept the risk of lower placement and cost performance for the sake of higher expenditures.

There has been serious discussion at some SDAs regarding the role performance-based contracting has played in low expenditure rates. Questions have been raised as to how performance formulas, incentives, and reimbursements, might be altered to

encourage higher expenditures and greater social impact. However, once again these discussions are relatively infrequent. Given the JTPA system's proven ability to pursue and meet short-term quantitative standards, adjustments in standards or incentives by local, state, or federal authorities would be required to ensure that JTPA funds are utilized to their fullest extent for the amelioration of the various social problems described in the legislation.

Local Perceptions

Local public officials and business leaders involved in implementing JTPA at the study sites generally agreed that JTPA was a useful and successful program. Of those interviewed, only a few judged that the early implementation experience had been unsuccessful or unsatisfactory.

It is tempting to dismiss assessments offered by officials involved in implementing JTPA as self-serving. However, further analysis of the specific local assessment responses reveals several interesting features. First, the positive response is not based on a perception that JTPA had noticeably eased any serious local economic or social problem. As one public official said:

> Improving the employment and income situation of one of every twenty-five eligibles is a good thing to do -- or one out of twenty, if we spent all the money -- but it isn't that noticeable to your everyday citizen, or to your local welfare or unemployment insurance offices, or to your local paper.

Those few SDAs whose officials believed that JTPA was having a noticeable impact on specific local problems had targeted significant portions of their JTPA funds toward definable groups of JTPA eligibles. New York City, for example, reserved the majority of its JTPA funding for eligibles without high school degrees, compared to 61 percent of the eligibles at the other study sites. City officials felt that this targeting allowed them to achieve the beginnings of a noticeable impact, in spite of the magnitude of the city's unemployment problem for those without high school degrees.

Most local officials based their positive judgment of JTPA's implementation during its initial 21 months on placement rates and total costs per placement, which met or bettered the federal performance standards. Only one of the 25 field sites, because of administrative and organizational difficulties, had serious problems meeting a majority of the standards, and the rest were understandably proud of their accomplishment in this area.

Other key reasons for JTPA's high marks among local officials were related to better management practices than CETA, a positive public image, and the increased involvement of the business sector. For example, one-third of the sites stated that instituting of performance-based contracting was their most important achievement. A Contra Costa, California PIC member said such practices brought a much-needed "bottom-line" mentality to social programming. "Better management practices" in general were judged by 80 percent of the sites as a key achievement under JTPA.

Representatives at 40 percent of the sites said that the smooth transition from CETA to JTPA -- achieved with no unfavorable publicity, no scandals, no serious break in services -- was their greatest accomplishment. The achievement of a positive local image for JTPA was viewed by officials at many of the sites as the critical accomplishment, given CETA's negative image. Several mentioned that as a result of JTPA, government and business representatives had begun to understand each other's perspective, and this offered significant long-range potential for successful employment and training programming. Table II-E sets forth the views of local JTPA representatives regarding JTPA's achievements in its initial 21 months of operation.

TABLE II-E

Local Assessment of Key Achievement
(n=55)

	No. of Study Sites (%) Listing as Key Achievement
o Placement and Cost Performance	47 (86%)
o Management Practices	44 (80%)
o Public Image	40 (72%)
o Private Sector Participation	37 (68%)
o Smooth Transition from CETA	22 (40%)
o Public/Private Sectors Mutual Understanding	11 (20%)
o Impact on Key Local Social Problems	4 (8%)

Table II-E reflects the priorities established at the local SDAs as JTPA commenced operations in October, 1983. Public officials at almost half of the field sites were originally

less enthusiastic than PIC business representatives about those priorities. They said the list ignored the targeting goals necessary to ensure that those individuals most in need of JTPA's services actually received them.

These same public officials came to agree with the business representatives on the PICs that, in fact, JTPA contributed little to actually resolving serious social problems. But they do not list that as one of their primary concerns about JTPA's early performance. The primary concerns of local government and PIC representatives regarding JTPA's performance over its first 21 months largely relate to maintaining PIC involvement, establishing better economic development/job creation linkages, and meeting youth performance standards. Table II-F sets forth the sites' primary concerns.

TABLE II-F
Key Local Concerns Regarding JTPA Performance
(n=55)

	No. of Study Sites (%) Listing as Key Concern
o Developing and Maintaining Strong Private Sector Role	21 (38%)
o Meeting Youth Standards	16 (29%)
o Establishing Better Linkages With Economic Develop./Job Creation Efforts	15 (27%)
o Having More Impact on Key Local Problems	11 (20%)
o Expending Funds	10 (18%)
o Securing Adequate Funding	9 (16%)
o Attracting Participants	3 (6%)

Tables II-E and F viewed together suggest that for most SDAs the achievement and maintenance of private sector involvement in JTPA is a top priority. As a senior member of the San Diego SDA staff put it:

> When you get a man like John Hanson (PIC chairman and President of Solar Turbines, Inc.) to cut the ribbon on a program like Downtown Jobs, when you get Steve Garvey (San Diego Padres star performer) to co-chair the Hire a Youth program, you've raised public and private sector consciousness. You've got to till that field now if you expect to harvest later."

Except in the area of youth positive placements, almost all the study SDAs have met or bettered the federal performance standards (See Table II-A, p. 25). A business owner on the Tampa, Florida PIC summarized an attitude expressed by a significant minority of PIC members throughout the 25 field study sites: "The performance standards are ridiculously easy to meet." Put simply, many of the local JTPA officials, particularly PIC members, felt that performance over the first 21 months had proven that local jurisdictions could operate an employment and training program efficiently, at a low cost, and at very high short-term success rates. Many indicated a readiness to build on their success by becoming involved in state and local economic development and job creation efforts. Officials of the Denver and Chicago PICs, for example, said that those linkages offered the greatest potential for utilizing JTPA in the service of both local economic growth and bringing poor residents into the mainstream of high-growth occupational areas. They felt that JTPA's early success had brought it the

credibility necessary to become an integral part of state and local economic development efforts. As Table II-F indicates, a reasonably substantial share of the local sites (27%) agreed with this sentiment.

Other local concerns were scattered across the sites, with the need for more funds (16%) and the need to expend existing funds (18%) being the most frequently mentioned.

* * *

Targeted Performance

Another critical perspective on JTPA's performance is the way in which local programs dealt with the legislation's various targeting requirements. As noted earlier, the legislation placed considerable emphasis on two groups: welfare recipients and youth, and also required that all "substantial segments" of the eligible population be served.

Welfare Recipients

The legislation set no specific numerical goal for the enrollment of welfare recipients. From the commencement of program operation in October 1983, all of the key JTPA decision-makers, in state and local government and on the PICs, readily agreed with the statute's emphasis on welfare reduction and encouraged JTPA administrators and service providers to enroll substantial numbers of recipients. It was the only targeting requirement which produced such widespread policy agreement. Only two of the 25 field study sites indicated any appreciable dissension over the issue; in both sites PIC members were

concerned that the welfare system fostered traits that were not conducive to its clients becoming successful employees.

The focus on welfare recipients was also the only targeting requirement accompanied by circumstances favorable to its implementation. First, job placements for those receiving some form of local welfare assistance had the potential for immediate local economic benefit because these placements save state and sometimes county funds. Second, welfare recipients have a steady source of income and medical benefits while they are enrolled in JTPA training, in contrast to other JTPA participants who may depend on support from family and friends while enrolled in the program. The AFDC and Work Incentive (WIN) programs also offered the potential for support services, such as day-care, transportation, and counseling to supplement available JTPA services.

Table II-G includes the goals and actual performance of the SDAs regarding welfare participation as a share of total enrollment in JTPA over the first two operating periods.

TABLE II-G
Participation of Welfare Recipients in JTPA

	Goal	Actual
Transition Period (10/1/83-6/30/84)	30.7%	34.4%
PY 1984	33.1%	38.5%

The participation of welfare recipients has steadily increased over the course of JTPA's implementation. In fact, welfare recipients compose the majority of those served in a few local programs. For example, the Northwest Florida Employment and Training Consortium (which includes four counties) reports that over 60 percent of its participants are welfare recipients. Local staff report that the exceptionally high enrollment level is not the result of an SDA enrollment priority, but rather has emerged from aggressive referral activities, as well as the local JTPA support service and stipend policy. The policy provides for only a flat payment of $3.00 per day per participant to cover all individual needs.

Local officials in other SDAs agree that because welfare recipients have a source of income to support them during enrollment in job training, they have turned out to be the easiest to recruit and the most likely referrals among JTPA eligible groups.

As Tables II-A and B (p. 25) indicate, the job placement rate for welfare recipients at the study sites has been significantly above the federal standard, i.e. 60 percent for PY 84, against a federal standard of 39 percent. The major concern of many local and state JTPA officials was that they still did not have a system for finding out how many participating welfare recipients actually left the welfare rolls, and for what period of time. Thus they had no reliable way of determining whether or not the JTPA investment paid off. There was additional concern, particularly on the part of welfare officials, that

JTPA training was too short to provide the skills, work habits, and income potential necessary to bring about long-term welfare reduction. While the high placement rate and low cost offer potential for a positive benefit-cost ratio, the average wage rate achieved at most SDAs is somewhat below the federal standard. Moreover, in the few SDAs that kept such data (see Table II-J, p. 59), wage rates for women participants were substantially lower than those for men. Thus, the question of whether welfare reduction and a positive cost-benefit ratio will result from all JTPA efforts is still open.

In sum, JTPA has clearly been successful in enrolling welfare recipients. The financial payoff from this achievement is less certain.

Youth

The legislation requires that 40 percent of each SDA's JTPA allocation be spent on youths between the ages of 14 and 21. Congressional staff involved in writing the legislation report that the requirement was expressed in terms of expenditures, rather than participants, to ensure that adequate resources were invested in preparing youth for the world-of-work.

JTPA's focus on youth came at a time when minority youth unemployment rates, and urban school dropout rates, were at record levels. Numerous studies and blue ribbon commissions have deplored the lack of literacy and numerical skills of the nation's youth, even of those who have acquired high school diplomas. Other studies indicated that the skills requirements

for entry-level jobs in the coming decade will be higher than ever before. While demographic studies have projected an overall decline in the proportion of young people as a percentage of the total U.S. population, a larger share of this group will be poor and minority. The problem of unemployment and unemployability among those coming of age in the U.S. has important implications for the nation's industrial competitiveness as well as its social harmony.

Meeting the 40 percent requirement was a serious problem for most of the SDAs during the initial 9-month operating period. About four-fifths of the field sites did not expend their total Title II-A youth allocation and over two-thirds did not expend 40 percent of their actual Title II-A expenditures on youth.

Many SDA officials felt the 40 percent requirement was too high; they contended that it overestimated the percentage of youth in the JTPA-eligible population. Thirty-two of the 57 SDAs in the total sample have received state-approved adjusted youth expenditure requirements, based on the legislation's provisions for revising the 40 percent standard on the basis of local demographics. As a consequence, the SDAs' actual requirements range from 31 to 46 percent; but the study site average is 39 percent, only a de minimis downward adjustment from the legislative figure.

The PY 84 operating period saw a modest gain in SDA youth expenditure performance relative to actual expenditures. Whereas only 28 percent of the field study sites in the initial

operating period used at least 40 percent of actual II-A expenditures for youth programming, in PY 84, the number increased to 53 percent of the sites. In the transition period, 16 percent of the sites utilized less than 30 percent of their actual II-A expenditures for youth; in PY 84, none of the study sites fell below 30 percent of actual expenditures. Most SDAs attributed the improved relative performance to increased youth enrollment requirements in service-provider contracts and stricter enforcement of those requirements.

The SDAs showed a slight increase in spending their entire II-A youth allocation. The study sites spent 63 percent of their total youth allotment in the transition year, and 68 percent in PY 84. Since total II-A expenditures in PY 84 were 69 percent of the full allotment, it appears that the current II-A expenditure shortfall is not primarily a result of low youth expenditures. Table II-H summarizes SDA expenditures on youth during the intial operating periods.

TABLE II-H
Youth Expenditures

	Transition Year	PY 84
o Youth expenditures as % of actual II-A expenditures (youth and adult)	35 %	39 %
o Youth expenditures as % of total II-A allotment (youth and adult)	25 %	27 %
o Youth expenditures as % of total 40 % allotment (youth only)	63 %	68 %

The modest increase in meeting youth expenditure goals was, as one SDA staffer said, "not equal to the amount of worrying and effort that went into trying to meet that goal." What made the effort and worrying less fruitful than hoped was that youth programs continued to be short-term and low cost. The federal performance standard for expenditures per positive youth termination was set at $4,900, based on an analysis of previous program tests and results. Actual spending during the transition period was $3,145, a result of higher placement rates and shorter, lower cost youth services than had been projected. During PY 84, the cost per positive termination at the study sites declined slightly, to $3,037, while the overall positive termination rate increased slightly from 71 to 74 percent. Thus, the sites experienced no real increase in overall youth expenditures based on resources spent per youth.

Given site predilection toward short-term training, enrolling more youth was the only available avenue for increasing overall youth expenditures. This had not been a significant problem at most of the sites in the transition period. In fact, almost one-third of the sites enrolled more youth than planned during that period. During the PY 84 period, one-third of the sites again enrolled more youth than planned. Overall, there was only a modest rise in the ratio of the number of youth served versus the plan from the transition period to PY 84.

Local JTPA and PIC officials were pleased with their high

placement, low-cost performance, and by their ability to enroll the number of youth projected. Interviewers expressed only limited concern that the full youth allocation had not been expended.

They were more worried that the JTPA youth program might not be aimed at the youth problems Congress was originally concerned about. During the transition year, only a quarter of the youth enrolled in JTPA were school dropouts. In addition, only a few of the SDAs had a system of youth competencies in operation. Fewer than half the SDAs reported using JTPA resources on remedial education and, in those sites, the percent expended was, on average, less than two percent of the training budget. In fact, except for the in-school programs, few SDAs developed or funded services specifically for youth. Youth were served primarily in the same training programs designed for adults. Only two of the 25 field sites opted to serve 14 and 15 year olds, as allowed in the legislation, and only three implemented any of the exemplary youth program models described in the legislation. The result was a high-placement, low-cost program which tended to enroll youth at the upper end of the 14-21 age range specified in the legislation, and three-quarters of those young people were in school or were high school graduates.

In PY 84, several SDAs attempted to reshape their youth programming and youth participant profile, with varying degrees of success. The Houston PIC, for example, increased its

target of school dropouts; 46 percent of its youth enrollees in PY 84 were dropouts compared to less than 20 percent during the transition year. The State of Vermont implemented a complex youth-competencies system, waived the 500 hour restriction on entry employment experience for out-of-school youth, and increased its youth expenditure rate from 20 to 40 percent. The Seattle SDA set a goal of enrolling 80 percent of youth participants in programs designed specifically for youth and only 20 percent in regular adult training programs. SDA II in Kansas decided during PY 84 that it would offer remedial education in PY 85, because 46 percent of its eligibles did not have high school degrees. The South Bay, Los Angeles SDA did not offer any special youth programming during the transition year, but it dedicated 21 percent of its training funds to such activities in PY 84. The new programs include try-out work, pre-employment services, and multi-component programs which include on-the-job training, work experience, and support services.

In total, 13 of the 25 field sites made programmatic changes intended to increase youth participation in JTPA. Six of these 13 sites implemented competency systems into their youth programming.

With some aberrations because of local circumstances, SDAs are moving in the direction of increasing overall youth participation and of providing more programming for the harder-to-serve elements of the youth population, viz., dropouts

and others with deficient educational skills. Expenditures and youth profile data for PY 84 may not reflect this movement because many of these new efforts did not commence until after PY 84 was well underway; and most of them were of modest size. Although these efforts arose out of concern that youth standards were not being met, most of them also reflect a shift in programming philosophy from the larger JTPA program. Thus, most of the PICs were cautious about building the capacity of new youth program efforts too quickly. To the concern of some local officials, these programs usually had more components, were of longer duration, required more resources and entailed greater risks of failure than did the core JTPA programs.

In addition, most of the new efforts aimed at school dropouts or other hard-to-serve youth groups were funded and/or initiated by state JTPA offices, using the eight percent setaside funds dedicated to increasing coordination between employment and training and education. The state-funded eight percent efforts are small, and it is unlikely that state funds for such programs will increase to the point where they can have an impact without being supplemented by other funds.

Other Special Population Needs

The legislation mandates that appropriate levels of service be provided to each "substantial segment" of the JTPA-eligible population. At the vast majority of the study SDAs, that clause has been interpreted to mean women and minorities as well as welfare recipients, and youth.

Most SDAs in the study said that the enrollment of women and minorities has been adequate in relation to local demographic factors. According to SDA officials it has been a standard practice for at least the past decade to monitor the participation of women and minorities in federal employment and training efforts. Consequently SDAs were accustomed to such goals. In fact, most of the sample SDAs met their enrollment goals for women and minorities during both the transition year and PY 84. Many SDAs also included participation goals for these groups in individual service-provider contracts, although most said they did not enforce them unless the SDA itself faced serious shortfalls in meeting its substantial segment goals. As Table II-I indicates, there was little occasion for such enforcement.

TABLE II-I
Enrollment of Women and Minorities

	% Eligible Population	SDA Goals	SDA Performance	% SDAs > Goal	% SDAs < 75% of Goal
Women	55 %	52	50	73	7
Minorities	48	47	48	84	5

There was also little special action taken regarding the enrollment of women and minorities by either service providers or SDAs. According to those interviewed at most SDAs and service providers, outreach practices and recruitment sources were well-established before JTPA operations began, and thus the "natural flow" of clients into the specific JTPA services

produced the required enrollment goals.

The ability to approach or meet the enrollment goals for women and minorities without much directed effort was viewed with relief at the SDA level; it was one less quantitative goal that required special staff effort and resources. This fit with the overall JTPA implementation pattern of not making target group goals a priority concern. However, that also meant that any other special efforts that were either required by the legislation or seemed appropriate for those groups were not seriously undertaken.

For example, the legislation states that "efforts shall be made to develop programs which contribute to ... overcoming sex-stereotyping in occupations traditional for the other sex" (Sec. 141 (d)(2)). This mandate arises largely from the fact that over the past four decades women's earnings have remained at about 60 percent of those of men as a result of occupational and industrial segregation.

Occupational sex-stereotyping by employers -- or women -- can often be overcome through vocational counseling which points out to women the various kinds of opportunities that are available, and encourages them to seek employment that interests them, even if they perceive it as traditionally "men's work." Among the 25 field sites, only Contra Costa, California and SDA II in Kansas supported such counseling efforts in PY 84.

Another approach is to develop training programs dedicated to enrolling women in typically male occupations. Seven of the

25 field sites funded such programs, usually in the apprenticeship trades or cable installation. They were small programs, ranging from five to 20 participants and they were supported in most cases because of strong advocacy efforts by local women's groups.

Only one SDA -- Contra Costa, California -- included non-traditional training for women as a high priority concern. Representatives at other SDAs readily admitted that it was not a policy concern, but they also insisted they were not promoting traditional employment choices for men and women, either. They were, they said, simply letting the choice of applicants and service providers determine the matter. The sentiment expressed by the vice-chair of one PIC was echoed at the majority of sites: "The only way a woman is going to receive non-traditional training at this SDA is if she walks in and says she wants to be a truck driver."

Only four of the 25 field sites were able to provide entering wage rates by gender, and in all four cases, on average, men outearned women. As Table II-J indicates, the average wage rate for women placed in non-traditional jobs was higher than that of women overall at these SDAs, significantly higher in three of the four. One SDA administrator noted that if the increase in wage rate between pre- and post-JTPA jobs were a part of the performance requirements, non-traditional training for all women would suddenly become an implementation priority. In fact, Kansas recently

added a performance standard which will require just such information.

TABLE II-J
Wage Rate by Sex and Non-Traditional Occupations

Site	All Men Ave. Wage	All Women Ave. Wage	Non-Trad Women Ave. Wage	Non-Trad Placements
1	$5.73	$5.39	$6.61	10 %
2	5.16	3.97	5.42	3
3	5.18	4.53	4.64	9
4	4.68	3.96	4.64	19

Historically, the partication of women and minorities in federal employment and training programs has been concentrated in classroom training services, rather than in on-the-job training services which tend to enroll mostly white males. This pattern has aroused some concern because on-the-job training has a higher probability of leading to a job placement, since it is conducted on employer premises. The Department of Labor's Job Training Longitudinal Survey (JTLS) indicates that the distribution of services under JTPA, and placement rates, are following the historical pattern. Table II-K sets forth the JTLS findings for PY 84.

Table II-K
Training Activities by Gender, Race and Placement Rate

	Male	Female	Minority	Placement Rate
Classroom Training	38%	62%	50%	56%
On-The-Job Training	59	41	32	78
Job Search Assistance	56	44	54	73

A few SDAs were seriously concerned about JTPA's continuation of these patterns. Chicago officials, for example, indicated an intention to impose standards on service providers to help ensure that there was no conscious or unconscious bias affecting the allocation of on-the-job training services. Most SDAs, however, either did not feel this was a serious problem, or were not prepared to change the pattern. One SDA director noted that service providers were already under operating restraints because of performance-based contracting, and further restrictions on their flexibility to meet employer needs would require extensive contract renegotiations.

Most SDAs had no hard data available to indicate the distribution of services by gender or race in their jurisdictions. Neither federal nor state performance standards set any requirements on distribution of services, and the management reporting systems established by the states did not include data on this. Several state officials said they were not monitoring the issue with greater care because they had no authority to do much about it. The legislation specifically reserved issues of service strategies and participant mix to the SDAs. In addition, the states were already being criticized by many local officials, particularly PIC representatives, because of the extent and size of their information reporting requirements. Thus there was little impetus or pressure within the JTPA system to address this

issue, and the historical patterns continued.

In sum, the system worked well enough to produce the requisite number of participants in key categories for women and minorities, and beyond that there was little emphasis on meeting special target group needs.

Most in Need

The JTPA legislation made no attempt to define those "most in need" or those "able to benefit" from the program's services. The issue aroused widespread concern during the statutory one-year planning period beginning October 1, 1982, particularly among local elected officials; it was also discussed at numerous sites during the subsequent nine-month operating period under the "creaming" rubric; since then, however, it has generated little discussion as a major JTPA concern.

An official at the Contra Costa, California SDA put it succinctly: "We are simply not concerned with the issue. Performance-based contracting leaves us no alternative but to avoid the high risk clients." The Rural Capital Area SDA in Texas treated the issue more gingerly in its annual report to the Governor:

> As it was legislated, JTPA deals with a very select group of individuals within narrowly defined parameters. We want to serve persons first, who are eligible, and secondly, who need what we have to offer. If we try to serve everyone in the same manner, we will end up serving no one well.

However it is said, the meaning is clear: the SDAs have largely spurned the "most in need" issue as a vague exhortation amidst seven clearly stated performance standards by which they are judged. Moreover the states have not pressed SDAs to define "most in need".

However, there have been a variety of modest attempts to focus some of JTPA's resources on those individuals who are clearly "most in need". Over half of the 25 field study SDAs, for example, have funded programs for teenage parents. These programs are small, ranging from five to 20 participants. Several of the SDAs have also funded small programs for juvenile offenders. A third of the SDAs have allocated resources to programs aimed at preventing school dropouts or offering dropouts remedial education and training. And five of the field sites launched special remedial education programs for dropouts during PY 84.

There has been movement over the past year toward implementing services for high need individuals as a result of three factors: the desire to have a more "balanced portfolio" of JTPA programs; the opportunity to secure state funds for special programs; and the desire to attract more JTPA enrollees because of a very tight labor market.

The North Metro, Massachusetts SDA, incorporated as Employment Resources, Inc. (ERI), is a good example of the third factor. The local unemployment rate during PY 1984 hovered between 2.9 and 3.7 percent. Few active job seekers would not be able to find jobs on their own in this economic environment.

Thus ERI had serious problems attracting participants for JTPA programs and expending available funds. Fewer than 60 percent of planned training slots were filled in PY 84, and only 68 percent of the available funds were spent. An ERI official attributed the PY 84 enrollment problem to a lack of concerted recruiting efforts in the most economically depressed neighborhoods.

ERI officials say they are serving the most in need simply because that group now makes up the bulk of the unemployed in their area. For example, ERI's remedial education services and programs designed specifically for dropouts are oversubscribed, while other training programs with higher qualifications are unfilled. Nevertheless, ERI had been turning away at least one in four JTPA applicants because they lacked adequate educational skills for the training being offered. For PY 85, ERI is increasing the proportion of Title II-A funds spent on remediation to 20 percent, and reducing the dollars devoted to on-the-job training. A pre-vocational program to serve those with fourth to sixth grade reading levels is being added. A special program for pregnant and parenting teenagers has been developed. ERI has also applied to the State of Massachusetts for a waiver of the cost standards for PY 85, on the grounds that its participants require more time and services to prepare them for employment than JTPA anticipated. The program is also increasing its outreach effort in economically depressed neighborhoods.

Though ERI has modified certain elements of its programs to meet the needs of its participants, it has still met all seven federal performance standards, including the average wage on placement standard which the majority of the study sites did not meet. The federal standard was $4.91; ERI's goal was $5.25; and its actual performance was $5.73. ERI's adult placment rate of 77 percent, its youth placement rate of 58 percent, and its youth positive termination rate of 84 percent all exceeded the federal standard.

ERI's experience suggests that in an area with a strong local economy, JTPA can be directed to the most in need and still meet its performance standards. But a greater investment in each participant and in remedial services is necessary.

Other SDAs, while less dramatic, are also focusing resources on the most in need. The Houston SDA for example has moved quickly to develop special programs and services for dropouts and handicapped persons when concern was expressed about its limited attention to these segments of the eligible population. Moreover, the San Diego SDA has significantly increased the involvement with handicapped participants over the past year. It has also developed several special remediation efforts and is embarking on a program to enroll and train a small group of the city's homeless "street people". A number of SDAs have developed special programs financed by state governments six and eight percent setaside funds. However, unlike ERI's program, most of these targeted efforts are small, comprising between

five and 15 percent of the SDA's total training funds. The basic program philosophy at the great majority of SDAs is -- as the Seattle PIC has explicitly stated -- to serve as many JTPA-eligible persons as possible at the lowest possible unit cost.

The demographic characteristics of JTPA participants at the study sites reflect this dominant philosophy. While numerous small targeted projects have been developed at the SDAs, the share of participants who have high school diplomas, for example, dropped only slightly from 66.5 percent in the transition period to 63 percent in PY 84.

* * *

Program Services

JTPA requires that a minimum of 70 percent of Title II-A funds be spent on training activities for participants. The remainder is to be allocated between program administration and participant support service costs. Support services are defined as transportation, child care, and other special services required for participation in the training program. No more than 15 percent is to be expended for program administration.

This stipulation represented a significant tightening of allowable expenditures for administration and support service costs compared to CETA, where 20 percent was allowed for administration and no fixed ceiling was set on support services.

During both study periods the percentage of expenditures for training activities at the sample sites exceeded both the

required 70 percent and the administrators' expectations. The sites spent a smaller share on support services than permitted and budgeted in both periods, and they exceeded the 15 percent statutory limit on administrative share. Since two-thirds of the study sites used performance-based contracting -- which allows all reimbursements to service providers to be classified as training expenditures -- the actual administrative costs of JTPA are higher than what is reported, and training costs are lower, but accurate estimates of the distortion could not be obtained. In any event, the primary reason for the higher-than-allowable administrative share of total expenditures was that most SDAs were staffed to expend their full Title II-A training allocation, but did not do so by fairly wide margins.

TABLE II-L
Expenditures by Category

	Transitional Period		PY 1984	
	Plan	Actual	Plan	Actual
Training	71 %	76 %	73 %	75 %
Administration	15	16	15	17
Support Services	14	8	12	8

Support service expenditures were low largely because of the SDAs system of delegating responsibilities for these services. Service providers were either allowed to expend a certain sum on support services -- which they could convert to training

expenditures without approval in most SDAs -- or they could refer participants to specified providers of support services. These providers, who had SDA contracts for specified amounts, were to serve clients on a first-come, first-served basis until their contract funds were gone. However, since service providers were subject to performance-based contracting, they tended either to screen out most applicants with support service need, or to avoid recruiting from sources which might produce such applicants. Thus, support service needs never matched the sums set aside for that purpose.

In addition, led by the private sector members, the PICs at 17 of the 25 SDAs strongly opposed expenditures on support services beyond what they viewed as absolutely necessary. This policy position reflected two factors: a concern that JTPA allocations were too low and the number of eligibles too high to warrant significant support service expenditures and a belief that support services promoted dependency and undercut self-initiative. Thus 12 of the 25 study SDAs permitted no needs-based payments of any kind to participants in JTPA training: transportation, lunch, appropriate clothing, and any other miscellaneous costs generated by attending JTPA training programs were to be borne by the individual participant. Thirteen sites provided needs-based payments, ranging from $3 to $10 per day. Public officials at many SDAs felt that the strict needs-based payment policies were effective in ensuring that highly-motivated individuals made up a larger share of JTPA

participants than might otherwise have been the case if support services policies had been more flexible or generous. These officials also agreed that such policies kept many otherwise eligible individuals with no steady source of income from participating in JTPA, leaving the program particularly attractive to welfare recipients who had a source of income.

Although there were some instances during PY 84 of changing attitudes toward support services at the study SDAs particularly among PIC officials, the changes were small and attended by considerable caution that JTPA not return, as one PIC official put it, to "the CETA days of a lot of soft services and few results." Any increase in support services expenditures at an SDA was typically part of a small program initiative targeted at groups like teenage parents or juvenile offenders and did not reflect a larger change in approach. As Table II-L indicates, these changes, though they occurred at almost half the field study sites, did not affect the average percent of Title II-A monies used for support services; it remained at eight percent during the transitional and PY 84 periods. Local government officials who were initially much more apt than PIC members to describe the level of JTPA resources set aside for support services as meager, were less apt to do so in PY 84. Indeed, several said that the low availability of support services was an important factor in JTPA's ability to draw highly motivated participants and achieve high placement rates. These results, they added, were critical to JTPA's continued funding in the

face of large federal budget cuts.

While remedial education under CETA had been viewed as a "support service" for many training programs, it was considered a training expense under JTPA. During PY 84, there was an increase in the number of sites paying for remedial education with JTPA funds, and in the percentage of funds used. During the transition year, 60 percent of the field sites offered JTPA-funded remedial education services, often a component of their regular classroom training activities or for in-school youth, and allocated six percent of their Title II-A funds for those services. . In PY 84, 72 percent offered remedial education and allocated an average of nine percent of their funds to it.

These percentages do not reflect the actual extent of remedial education offered to JTPA participants, since some SDAs were able to leverage remediation services from other public or non-profit agencies without using JTPA funds. However, several JTPA officials ascribed the increase in JTPA-funded remedial services to their inability to secure other resources. Land of Lincoln, Illinois SDA officials said that remediation resources were on the decline in their jurisdictions, so they had no alternative but to use JTPA resources. A business representative on a large urban PIC noted his "surprise and dismay" that there were so few remedial services that JTPA could use for its participants.

Several SDAs noted that many participants with high school degrees lacked the literacy or mathematical skills necessary to

undertake the training courses offered. In San Diego, for example, 77 percent of JTPA participants had high school diplomas. SDA officials felt, however, that this high percentage masked the educational deficiencies of JTPA participants, particularly given the large number of immigrants who used the JTPA program.

The SDAs and their PICs were cautious in allowing increases in support services and remedial education. The widespread shortfall in total expenditures did not lead to concerted efforts to enroll less motivated or less job-ready participants at most sites. Nor did they try to supply them with the skills necessary to ready them for JTPA training or diminish the prerequisites of the training. The prevailing opinion of both local government officials and those PIC members who had previously been associated with CETA was that one of JTPA's greatest strengths compared to CETA was its ability to quickly supply private employers with job-ready applicants for current job openings. They were unwilling to sacrifice this strength to any substantial degree. Several of them felt this strength arose primarily from JTPA's modest size, its performance standards, and the PIC business representatives' insistence on a proven relationship between training programs and available jobs.

SDAs were able to meet employer needs by funding straightforward, relatively brief training programs. In PY 84, the average length of training programs at the field sample

sites was 12.5 weeks for adult programs and 12.0 weeks for youth programs. In the 1981 CETA program, the average length of training (excluding work experience, which is generally not available under JTPA) was 19.5 weeks. SDA officials generally favored shorter-term training because it helped them meet federal unit cost goals, but many admitted surprise that training programs were as short as they were. SDA planning projections had envisioned an average training duration of 16.5 weeks.

However, under the performance-based contracting systems used at the SDAs, the actual length of training was not a critical component of a service deliverer's performance, and in many cases training and placement into jobs occurred much more quickly than had been anticipated. This led to much lower unit costs than anticipated and a shortfall in overall expenditures, since it was not accompanied by a proportionate increase in participants.

Another cause of the shorter-than-anticipated average training duration was the increasing reliance on job clubs and job search assistance as a vehicle for job placements. Over 60 percent of the study sites said that the use of these short-term placement strategies had increased under JTPA. These strategies were, of course, much cheaper than classroom training and on-the-job training, since they tended to run from four to six weeks and had minimal staff and equipment costs. Yet according to the Labor Department's national data, they produced a very

high placement rate -- 73 percent. Staff of the Susquehanna Employment and Training Corporation (SETCO) in Harrisburg, Pennsylvania, for example, said that such services had never been a large CETA component, but they accounted for a substantial share of total local JTPA placements. An official of the Rural Capital Area SDA in Texas added that this shift in placement strategies recognized that "a lot of what goes on is not training at all, but simply door opening." A few sites did not utilize short-term approaches. The Spokane, Washington PIC, for example, has deliberately avoided funding direct placement activities, viewing these techniques as a function of the Employment Service.

Though the increasing reliance on job clubs and job search assistance did help the sites improve their unit cost and placement rate figures, it was acccompanied by considerable concern at several SDAs. The Seattle SDA, for example, estimated that over one-third of its enrollees received only short-term job search assistance. The PIC established a subcommittee for PY 85 to examine the implications of this trend with an eye to developing new funding criteria and program guidelines.

In spite of the increased use of job clubs and job search assistance, their low cost meant that a relatively modest share of total Title II-A funds were used for these program components -- about 20 percent. As Table II-M indicates, about three-fourths of available funds were spent on classroom training and on-the-job (OJT) training.

TABLE II-M
Training Activities at Study SDAs for PY 84

	% SDAs Using	% Funds Allocated	% SDAs Increase (Decrease) Usage Compared to CETA (1981)
OJT	100%	36%	74% (0%)
Classroom Training	100%	34%	15% (10%)
Job Club, Job Search Assistance	72%	20%	60% (5%)
Other	60%	10%	NA

The significant increase in OJT occurred for several reasons. First, most PICs felt that it attracted private employer involvement in JTPA because it provided direct subsidies and enabled local businesses to conduct training in their own way and on their own premises. Second, OJT has historically produced very high placement rates; according to the Department of Labor, in PY 84, OJT produced the highest placement rate of any training strategy -- 78 percent. By comparison, job clubs and job search produced a placement rate of 73 percent, while classroom training produced a placement rate of 56 percent, considerably below the overall site average placement rate for PY 84 of 68 percent.

Classroom training has continued at about the same level of usage as under CETA, as Table II-M shows. While classroom

training results in lower placement rates than either OJT or job clubs, when SDAs are asked to describe a "typical" training program under JTPA, classroom training is most often mentioned (by 65 percent of the study sites). It is the type of training that many SDA officials mentioned in interviews as being best at meeting JTPA's dual objectives of satisfying key local labor market needs and serving the disadvantaged. Thus the Tampa, Florida PIC carefully reviewed local job demands and then funded classroom training programs for nurses, cooks, dental assistants, bank tellers, and others. The training is provided by a local educational institution. The SETCO SDA in Pennsylvania selected as a "typical" JTPA training program a for-profit business school which provides classroom instruction in word processing, computer operations, and computer programming. San Diego selected the Urban League's Data Processing Center, which trains participants in word processing and data entry.

Though the kinds of occupations for which classroom training was offered cover a wide variety of jobs, they had relatively high entrance requirements. For example, the Houston program required at least a high school diploma or GED; and since no keyboard training was offered, those participants in the clerical skills component were required to type 20 words per minute with a maximum of five errors upon program entrance. The SETCO, Pennsylvania programs require a high school diploma or GED; participants must type at least 25 words per minute, and provide for their own transportation. The director of the SETCO

classroom training program indicated that between five and six JTPA eligibles are interviewed for every one accepted.

Most SDAs view these relatively high entrance criteria as a necessary by-product of the JTPA's unit cost and placement rate performance standards, the low level of support services, and the emphasis of PICs on meeting local labor market needs quickly and efficiently. A few SDAs, however, sought to ensure that more high-need, low-skill eligibles could participate in these programs. For example, the New York City SDA used city funds to launch several pre-JTPA programs to increase literacy levels and employability skills so that young people could enter JTPA programs. The San Diego program employed a newly-developed typing technique that enabled three out of four previously unsuitable applicants to enter the training programs. The San Diego program also obtained Ford Foundation support to provide self-paced, computer-assisted learning so that eligibles could quickly gain the literacy and arithmetic skills necessary for entrance into classroom training programs. These kinds of efforts, however, were not widespread and, like the New York City and San Diego examples cited, were usually not supported with JTPA funds.

* * *

Issues and Concerns

It is not possible at this point, given existing data, to assess JTPA's performance relative to the legislation's "bottom line" of increased income and welfare reduction among JTPA

participants. It would require a major effort by the federal government to ensure that data were collected regarding these issues. When state JTPA officials were asked what one thing the federal government could do to improve JTPA, the most frequent response was that it should develop a more comprehensive and uniform reporting system that placed greater emphasis on the legislation's long-term goals, rather than the current reliance on short-term performance standards.

Several states have added their own performance standards as a means of remedying this situation. However, these state initiatives are not widespread or uniform, and they have not been greeted with enthusiasm by local governments or PICs, who have performed well under the existing performance standards and are not eager to face new ones.

Current data does provide important information regarding the basic direction JTPA implementation is taking toward meeting longer-term goals. JTPA has achieved very high placement rates and low unit costs. However, many SDAs are unable to meet the placement-wage performance goal. Also, a high proportion of participants are receiving short-term services, with no skills or on-the-job training. The continuing, relatively high level of participant educational achievement and motivation may indicate that participants will not get jobs paying much more than they could have achieved on their own. How these factors affect JTPA's long-term economic efficiency in increasing tax revenues and decreasing welfare costs is still unknown.

The SDAs have generally chosen not to use JTPA as a tool to confront the most pressing social problems, such as dropping out and illiteracy. Local officials feel that their primary mission has been to meet federal performance standards and satisfy local labor market needs, neither of which places a great premium on dealing with such problems.

Several SDAs have dealt with the "most in need" through JTPA, primarily because of low local unemployment rates and thus a scarce supply of JTPA eligibles. In PY 84, a number of SDAs added programs or components that could better deal with these hard-to-serve populations. But these initiatives were neither sufficiently widespread nor sizable to qualify clearly as a major programming trend. Aggregate data regarding services to youth, dropouts, and eligibles without high school or GED degrees corroborate site interview data demonstrating that these services are still offered on a very small scale. Data from PY 85 and PY 86 will provide more conclusive evidence. In short, JTPA has continued its focus on efficiency. In doing so, it has achieved a good reputation among both public and private sector officials for being a "program that works". No one should underestimate the value, or difficulty, of this achievement.

III

Governance and Oversight

The JTPA legislation brought about two major changes in the system of governance and oversight that had shaped CETA. First, JTPA provided a strong role for the private sector in local employment and training program decision-making via private industry councils. PICs and local elected officials share local policymaking and oversight authority over JTPA. It also delegated to the states most of the administrative oversight and policy direction authority previously held by the executive branch of the federal government. The effect of these changes is important not only to JTPA, but also to other social policy initiatives, since they embody important principles of governance and oversight.

Local Governance

The Job Training Partnership Act incorporated into federal employment and training policy one of the strongest political currents of the early 1980s, the disillusionment with the ability of the public sector to solve social problems. Skepticism about federal employment and training programs was particularly strong due to the poor image that CETA had acquired by the late 1970s. This current was reflected in the JTPA legislation in several ways: total federal funding for employment and training was cut; training under JTPA was oriented toward achieving specified, measurable short-term

results; and business representatives were given an important role in shaping employment and training programs at the local and state levels.

The primary reason for the involvement of the business community was explained in the JTPA report from the Senate Committee on Labor and Human Resources. It stated:

> Such involvement is essential because it is the private sector which will employ the graduates of the training programs, and it is only those who will employ the graduates who can really define the kinds of training programs that are needed. (Senate 97th Congress, 2d Session--Report #97-469, pp. 1-2).

The Act provides an explicit framework for involving the private sector that ensures it can exert substantial influence over programs and policies within service delivery areas. SDA policy is under the control of a partnership of local elected officials and private industry councils, but the Act left the exact division of responsibility among the partners open to negotiation. Local government officials had the responsibility of selecting PIC members from among nominees submitted by general purpose business organizations in the service delivery areas.

The Act specifies that the business representatives on the PIC should be owners, chief executive officers, or officers with substantial executive or policy responsibilities. The PICs have the authority to incorporate, hire staff, solicit and accept contributions and grant funds.

The formal requirements set out in the law for involvement

of the private sector have been met in all of the sample SDAs. PICs have been established, and they have business-sector chairs and business sector majorities. While there were some business people who had been active in employment and training in the late 1970s and early 1980s, JTPA has clearly increased business-sector involvement in the area. A substantial majority (over 70 percent) of the business representatives involved in JTPA had no previous involvement with CETA, or any other employment or training program.

Despite these accomplishments, discussions with employment and training staff and PIC members suggest that in many SDAs it requires a constant effort to maintain this broad-based active business sector involvement.

One problem is that the benefits that the JTPA program can offer the business-sector are modest. As a result of the decreased level of funding, JTPA is unlikely to have significant impact on availability of entry-level labor supply in the individual SDAs. While there are many examples of training programs specifically aimed at areas of local labor shortage, overall the program does not provide a major recruitment and training service for local businesses. Although hard data are not available, anecdotal evidence from field interviews indicates that substantial numbers of PIC members do not hire JTPA graduates.

The participation of each individual business person in JTPA does not necessarily generate a direct financial return for that

individual's business. If the program does provide well-prepared graduates, employers can benefit whether they involve themselves in the PIC or not.

Rather than relying on a market mechanism or direct financial incentive for private- sector participation in JTPA, PIC members' motives are similar to those of members of the boards of non-profit civic or philanthropic organizations. Like these unpaid board members, PIC members serve for many reasons; some are committed to the program's goals; others see participation as a socially useful outlet for their experience and expertise; and still others enjoy the prestige or public relations value of being a PIC member. Municipal "boosterism" also plays a role in some cities. In Tampa, for example, both public employees and private business people are proud of their city's active PIC.

Occasionally, an intense distrust of the public sector appears to motivate PIC members. In some cases, there is a sense among business representatives that they will show the local government how to run a program. While this perspective has occasionally resulted in active and enthusiastic PIC members, sometimes it has caused conflict with local officials which do not appear to have improved program performance. As PIC members confront the realities inherent in running government-funded programs some of this distrust may dissipate.

The situation in Seattle is a good example of the influence of outside pressures on the PIC. While the PIC started out

committed to changing the direction of local employment and training programs, it had to adjust its course as it became the focus of interest-group pressures which were previously brought to bear on the local government.

A substantial majority of the business-sector members of PICs see their role in terms of bringing business methods and practices to the operation of the JTPA program. Allusions to business procedures and goals came up frequently in conversations with PIC business representatives. One called the transition from CETA to JTPA a "corporate turnaround job." Another said that he conceived of the private sector as the clients or customers, and the trainees as the product. In almost all interviews, business representatives emphasized the importance of the outcomes, which were without exception defined as meeting the federal performance standards, not as resolving any "social problems." Most cited the successful achievement of those standards as the most important accomplishment of JTPA.

The PICs are responsible for overseeing all aspects of the JTPA program's local operations. Since PIC business representatives have tried to apply business methods to JTPA operations, it is useful to look at the traditional oversight and management activities of employment and training programs in terms of analogous activities in businesses. Thus policy development is analogous to corporate strategic planning; client selection, training modes, and content to product development; contractor selection and contract monitoring to operations

management; and job development to marketing.

Oversight and Strategic Planning

Despite the power given to the PICs by the law to incorporate, hire staff, and run JTPA programs directly, 75 percent of the sample SDAs designated the local government as the grant recipient and administrative entity while only 12 percent of the PICs established their own staffs. Thus, the PICs chose to exercise their authority through general oversight rather than through day-to-day scrutiny of JTPA activities. For example, when one SDA's local government representatives sought to involve the PIC in the details of day-to-day operations, PIC members complained that they were bogged down in the details and were thwarted in their efforts to provide broader policy direction.

However, the contribution of PIC members to strategic planning or general policy development has been narrow. In most SDAs, the PICs have not chosen to balance the various and sometimes conflicting JTPA objectives; instead, meeting the specific performance standards and the eligibility criteria have been the predominant program goals. Meeting these goals is considered by most PICs as the measure of a successful program whether or not there is any indication of progress on the Act's other goals, which PIC members described as longer-term and more related to social policy concerns.

This results-oriented outlook leads naturally to the kind of direct placement programs, short-term classroom training with

relatively high entrance criteria, and on-the-job training that PICs favor. Many PIC members agreed that more expensive programs, such as work experience, or long-term training for dropouts, should be avoided as long as the SDAs can place enough graduates without them. For example, the PIC in the Gulf Coast, Mississippi SDA approved the use of support services and more costly programming if the mandated targeting and placement goals could not be met with less complicated programs. In the end, the SDA achieved all of its goals without requiring these special programs. In contrast, as already described, the Metro North SDA in Massachusetts cut OJT and increased remediation efforts because the low unemployment rate left it unable to enroll enough clients whose reading levels were at the high end of the spectrum. This was clearly a minority position and the vast majority of PICs did not view the inability to expend the full allocation of Title II-A funds as a serious performance shortcoming, or as a reason to institute services which might attract greater numbers of high-need clients.

Another example of the primacy of the performance standards was the apparent conflict over serving the needs of business versus serving the "most in need". The PIC members who emphasize serving the needs of business favor strict entrance criteria and an emphasis on high placement rates. But often neither they nor the local elected officials seem to have a clear understanding of the complexities inherent in the

relationship between strict entrance criteria, placement, and serving the needs of business.

For example, high-entrance criteria can backfire. One SDA, anxious to enroll minority participants acceptable to the private sector, recruited on black college campuses. But these students were more interested in learning typing and computer programming as supplemental skills, rather than as skills to be used to find jobs immediately, and few were placed.

Even in the more common cases in which high school graduates are easier to place than dropouts, high-entrance criteria do not necessarily result in a program that serves the labor market most efficiently. A program that brings workers into the regular labor market who might otherwise be marginally employable at most may be more useful to the business sector in the long run than one that works with high school graduates who are already in a position to take advantage of existing opportunities, or who are not beyond the reach of the substantial formal and informal training that goes on all the time within private firms.

While the business-sector representatives usually tended to embrace the constraints imposed by performance standards, government officials and public-sector employment and training staff were more likely to look for alternative approaches. For example, in Buffalo the PIC and the government-led bureaucracy tried to institutionalize this difference in emphasis by leaving recruitment up to the local government and putting

administration and evaluation in the hands of the PIC. In New York City, the city's Department of Employment used separate local tax funds, equal to about one quarter of the JTPA allocation, to develop programs for youth whose low reading levels made them ineligible for the high-entrance criteria for most JTPA classroom training programs. In Seattle, the PIC set a ten percent limit to the number of clients who could be served in direct placement programs. But these kinds of exceptions represent only about 20 percent of the sites surveyed.

The one area in which the majority of PICs have emphasized recruiting harder-to-serve groups within the overall eligible population is in service to youth. From the point of view of many PIC members, devoting substantial resources to youth may make it more difficult for JTPA to operate primarily as a service to employers, but the youth expenditure requirements give them no real alternative.

Operations Management

Of all the JTPA activities in which they are involved, business representatives see oversight of the management practices of the local programs as their most important role. It is through this oversight that they believe they can encourage the efficient and business-like use of JTPA funding. For most private sector PIC members, the performance standards are the sine qua non of a business-oriented JTPA. They provide concrete measures against which to judge the program. Moreover, performance-based contracting transfers the bottom-line focus from the SDA to the individual contractors.

All PICs are involved with contractor selection and assessment, although their role ranges from monitoring performance to detailed involvement in contractor selection. In general, the PICs have been particularly interested in tracking the performance of the contractors, and have vigorously endorsed dropping contractors who do not measure up.

In a few SDAs, the PICs have explicitly sought to move away from community-based organizations (CBOs) and to work more with for-profit training providers. Some PIC members have sought to reduce the role of CBOs because they question the social-service orientation of those organizations and have greater confidence in the approach and capabilities of for-profit operators. However, CBOs that met the performance standards were generally accepted by the PICs. There has been a reduction in the role of CBOs under JTPA, but it has resulted largely from the reduction in their traditional functions, such as providing support services, and from a shift towards job search and OJT, rather than from an opposition to CBOs per se. Local government officials were much more likely than business representatives on PICs to express support for the use of CBOS. Among the few instances of conflict between PICs and local governments which were observed, there were several cases in which PICs had tried to cut funding for CBOs supported by mayors. Such a conflict, eventually lost by the mayor, was the only important disruption of the harmonious relationship between the mayor and the PIC in one SDA. Conflict between the mayor and the PIC chair in another SDA over the use of CBOs continues.

The same reasons that have prompted PIC skepticism regarding CBOs has led many PICs to encourage the use of on-the-job training, in which the training is designed and carried out by an employer while a training organization's role is at most limited to orientation, pre-employment skills training, and placement. Unlike the skepticism about CBOs, however, the emphasis on OJT has not generated controversy between the PICs and the local governments.

Product Development

PIC members have been interested in a variety of issues involved with developing the characteristics of the program's product -- that is, its trained graduates -- including labor market information, training content, and client selection.

One of the major preoccupations of the PIC members has been whether or not program participants were being taught skills appropriate for private-sector employment. Labor market research and analysis was a major interest at many PICs during the transition year. But by PY 84, this concern was less prominent. Efforts to develop better labor market information than already existed had proven disappointing. PICs realized that they were not in a position to generate broad-based labor market information without incurring sizable expenses and that state and federal agencies already carry out sophisticated surveys and analyses of shortages of particular occupations. As business executives, however, PIC members may have insights into fruitful areas for training, and staff from several SDAs

described their PIC members as their best source of local labor market information. However, members are chosen because of their stature in the business community or their willingness to serve, not because of any direct knowledge of labor market trends, and so there is no inherent private-sector capacity in the system. In most areas, SDAs now rely primarily on traditional sources of labor market information, such as the Bureau of Labor Statistics or the local chamber of commerce.

Some PICs have also taken an interest in close evaluation of the curriculum of classroom training programs. For example, the South Bay SDA in California maintains a roster of business people who are prepared to visit training sites and evaluate the curriculum and implementation of the training. This has the added advantage of getting private business people involved in JTPA without requiring an ongoing commitment from them. But this kind of scrutiny is an exception; most PICs rely on monitoring the outcomes of training rather than the training process itself.

At least 20 percent of the sample SDAs have customized training programs, in which there is close cooperation between the trainer and an employer or group of employers from an industry. For example, in New York City's training programs for clerical workers in the insurance, debt collections, and securities industries, employers participate in curriculum design and monitor training and placement. A subcommittee of the Chicago PIC has initiated a customized training program for

bank tellers. But overall, customized training constitutes only a small portion of training activities, even in the most active SDAs. Even in New York City, which is a leader in this area, customized training represents less than ten percent of the SDA's total Title II-A allocation.

Public Relations and Marketing

Almost two-thirds of the PICs are actively involved in public relations. Convincing the public and the business community that JTPA is a well-run, business-oriented program is a major goal of the business members involved with the JTPA program. Most PICs have opened up informal channels of communication to businesses which previously had no contact with employment and training programs.

The Tampa SDA is a good example of a high-profile, public-relations-oriented PIC. It has sponsored a breakfast to brief 200 employers on JTPA and has also publicized JTPA at a parade. It is difficult to evaluate the exact impact of these efforts, but it is clear that they do contribute to the perception that JTPA has the support of important members of the local business community; that in itself has often helped convince the public that JTPA is not a wasteful, inefficient program.

It is interesting to note that the average number of performance standards achieved by those SDAs in which the PICs emphasized public relations was higher than the average for the others (6.3 and 5.7 respectively). Substantial public relations

activities, of course, may be associated with an active and healthy local program, rather than be a direct cause of high performance. However, there is little doubt that SDA staff members, who are usually employment and training professionals with previous experience under CETA, are grateful for the public relations work of the PICs and the unaccustomed high regard in which their work is now held.

In contrast to promoting JTPA, PICs have put less emphasis on direct marketing of JTPA graduates or job development. A few PICs have held job fairs or solicited jobs in other ways. The Tampa PIC held a Pledge-a-Job campaign which resulted in commitments from 500 employers. But most PICs were not directly involved with developing jobs at their own organization or elsewhere. As one PIC member stated, "Placement is a responsibility of the contractors, not the PIC members."

In sum, business sector involvement has largely been concentrated in two areas. The first is operations management, with the PICs focusing on achieving the performance standards, and, to a lesser extent, on encouraging the use of for-profit contractors. The second important area of private-sector activity involves public relations, with the specific goal of overcoming the negative image of training programs created by CETA.

* * *

There is wide variation among the SDAs in the relative influence of the PICs versus the local governments. The provisions of the Act invest substantial power in the local governments, especially through their responsibility to appoint PIC members. Moreover, local elected officials and local government employees have had extensive experience with employment and training, and therefore appear to be in a strong position to use their knowledge to exercise control over the volunteer PIC members. Indeed in 45 percent of the sample, the PICs were primarily passive partners, reacting to the initiatives and the policy directions established by government officials. But in 40 percent of the sites, the local elected officials remained on the sidelines, while the PICs set policy and were the primary influence over the employment and training staff. In the remaining 15 percent of the sample sites, a relatively balanced partnership developed between the two parties.

Although in 85 percent of the sample either government officials or the PIC clearly dominate the partnership, this is seldom a source of dissatisfaction or conflict for either of the partners. In over half of the SDAs, both partners are satisfied with the relationship, and the partnership arrangements are stable. In 20 percent of the sample, changes are still taking place, but there is no struggle between the local officials and the PICs for control of the program; a mutually satisfactory division of labor has simply not yet occurred. Finally, there

is conflict between the two partners in 20 percent of the sites, and it is not yet clear how these conflicts will be resolved. The nature of the division of labor and power achieved by an SDA results from several factors.

Government-Led SDAs

The local government tends to be the most influential partner in two situations. In large, older urban areas, employment and training programs are most complex, so it is difficult for the PICs to have much direct control. In addition, in some large cities, the program serves important political constituencies: in the Chicago, Detroit, and New York SDAs, the control is very much with the city government, while the PICs play at most an advisory role. There is some grumbling by local civic leaders about PIC inactivity, and the employment and training staffs continue to try to involve business representatives and to keep them informed. In none of these cities, however, is there any effort on the part of PIC members to wrest active control of JTPA from city officials. In fact, many PIC business members are satisfied with their role, and proud of the program's achievements.

The second type of SDA in which the government takes the lead is usually a dispersed rural region, often with substantial state involvement. Long distance travel to PIC meetings mitigates significant private-sector participation. Moreover, in many of these areas, it was the state staff who administered the employment and training programs in rural areas as "balance

of state" regions under CETA. Thus it is difficult to counterbalance professional, centralized state administration with a dispersed and tenuously involved PIC.

In states with a single, statewide SDA this tendency is even stronger. But it can still result in a harmonious partnership. For example, in the Vermont SDA, the state government is in full control, providing services almost exclusively through its own agencies, but the business PIC members are all extremely complimentary of the state's program. They believe their contributions are useful and that the partnership is productive.

Another stable, government-led unit in the study sample is a sub-grant region of a single state SDA. In this case, the state government is very influential; neither the local governments nor the private sector representatives are very active, though the PIC appears to be slightly more involved. Again, despite the uneven distribution of power, there is little evident dissatisfaction, and no changes appear imminent.

The partnership arrangements in four of the government-led SDAs in the sample are still developing. In two of these cases, change appears to be occurring because government officials have sought to get the PICs more involved. In Kansas SDA II, the state employees originally took the initiative, but they are now encouraging a more active role for the PIC as well as the local elected officials, neither of which has had experience with employment and training. A second SDA in this group is a consortium of counties that includes Harrisburg, Pennsylvania.

The PIC had been primarily advisory until recently, but PIC members as well as government representatives say that the PIC is becoming stronger and is expected to play a larger role in the future.

The arrangements in two other SDAs are being forced to change as a result of general SDA disarray. Both are consortia of counties in which cooperation among the local political jurisdictions never developed. The PICs in these SDAs are extremely weak, and the local governments are not deeply involved either. The staffs hold the programs together. In one case, the consortium has been broken up and has been reorganized into several SDAs. In the second case, the state will probably have to step in because of poor performance. At this point, it is not clear what partnership arrangements will emerge from the current changes: nevertheless, conflict between the PICs and the local governments is not a serious problem.

While the PIC members in most government-led SDAs are either satisfied or indifferent, in two of the 25 field sample SDAs, PIC members are definitely dissatisfied. In both cases, the business representatives contend that the government officials and the employment and training staff do not keep them informed and are not interested in involving them. No major substantive or policy conflict has been raised in these SDAs, and the problems seem to have resulted largely from the desire of the local governments to protect their traditional turf. It appears that these disputes are more likely to lead to decreasing

interest from business-sector representatives rather than concerted efforts to increase their control over the PIC.

PIC-Led SDAs.

Of the ten PIC-led SDAs, seven are functioning in a stable manner. In two of these seven SDAs, the government officials play almost no role at all. In the others, they maintain some control through their relationships to the staff. For example, in Buffalo, the public sector staff does the recruitment and enrollment; in the Gulf Coast SDA in Mississippi, a consortium of local elected officials serve as the board of directors of the administrative entity. In all of these cases, the governments let the PICs take the lead in policy development, contractor selection, and oversight. In most cases, there is a supportive relationship between the private and public sector representatives. In one suburban SDA, for example, SDA staff claim it is well-known that the chair of the PIC and the county executive are close friends and political allies. And the mayor of Tampa, Florida is proud of the extremely active local PIC.

Three of the SDAs in this category were classified as shared leadership-SDAs in our last report. In all three cases, however, the local elected officials were satisfied with the development and direction of the SDA, and let the PICs play a stronger role.

The partnership arrangement in one PIC-led SDA -- Seattle-King County, Washington -- is still evolving. This is an interesting example of the complex political forces that can

shape the partnership. From the beginning of JTPA, the local elected officials have played a secondary role, primarily giving final approval to recommendations from the PIC. All major policy, planning, and programming efforts of the SDA are initiated and developed through the PIC and its network of committees. Moreover, the PIC quickly moved to put its stamp on JTPA by moving the SDA away from a "social service" orientation, which "supports economically disadvantaged constituencies and community agencies," one PIC member said, and towards "a stronger labor market orientation with an emphasis on sound management and performance." But once it became clear that the PIC was in control, it came under political pressures similar to those directed at the local government during CETA.

As a result, the PIC began to emphasize targeting harder-to-serve groups and developed a contractor selection process favorable to community-based organizations. More recently, the local government officials have begun to assert themselves in the planning process. Representatives of both the PIC and local government characterize the relationship as "uneasy," though satisfaction about performance generally remains very high. This SDA appears to be moving toward a partnership in which the leadership is shared, rather than dominated by the PIC as it is now.

There is conflict in two PIC-led SDAs. In both, the PIC, and in particular its business leadership, is particularly contemptuous of CETA and the staff left over from CETA. One PIC

chair referred disdainfully to the local employment and training organization as "son of CETA." PIC members in these SDAs also share a low opinion of public-sector initiatives in general. Although none of the elected officials insisted on asserting strong leadership over JTPA, aggressive actions by the PICs to break away from CETA and its traditional CETA providers touched off greater public sector involvement than the local elected officials wanted; they would probably have been content to let the PICs run the show.

For example, in one SDA, the mayor was supportive of the private sector emphasis of JTPA, but the PIC was so opposed to CETA and the CETA bureaucracy that it tried to achieve a complete and immediate overhaul of the program. This led to underspending of the allocation during the first two years and prompted the mayor to get involved. The mayor remains supportive of PIC leadership, and these problems may be more related to the pace of change than to any fundamental disagreement.

The conflict in another case is particularistic. It revolves around disputes between the PIC chair and some public-sector and educational representatives on the PIC, the local elected officials who remain tenuously involved. This situation seems to be primarily a result of personality clashes, but it does reflect distrust between public and private sector members of the partnership.

Shared-Leadership SDAs.

In the shared-leadership SDAs, the PICs are actively involved with oversight, general policy development and contractor selection, but the elected officials or their representatives also maintain substantial influence in these areas. Consensus between the PIC and the local government officials over goals and policies is particularly strong in the SDAs in this category. Disagreements tend to involve conflict among political jurisdictions rather than between the public and private sector. For example, in the Contra Costa SDA, both the public and private sectors are active and involved, but the strained relationship at issue exists between the counties in the consortium not between sectors.

There is conflict in one shared leadership SDA in the sample, reflecting problems very much like those in PIC-led areas. Initially, neither the PIC nor the mayor was very involved with JTPA, and the program was run by a professional staff that was virtually unchanged from the CETA era. But recently an influential new PIC chair began to reduce the use of CBOs and increase contracts with for-profit providers. He said that he was convinced that for-profit providers could do a better job. The mayor, who had allies among the CBOs, stepped in and reversed the decision. However, the PIC chair continues to express an interest in reducing CBO participation in the future.

Local observations of this conflict suggest it is caused more by distrust between the business and public-sector representatives than by substantive or policy disagreements. Rancor has been diminished by the drastic cuts in employment and training funds and the elimination of Public Service Employment; these changes reduced the significance of the program for local governments. Morever, potential conflicts over client characteristics and training choices are minimized because both partners believe that the federal performance standards limit the range of alternatives in operating a JTPA program. To the extent that local governmental officials and their employment and training staffs object to the overall thrust of the program, they attribute it to the influence of the performance standards rather than to the PICs. And finally, local governments have increasingly been courting their business communities in a variety of ways in order to foster economic development and gain resources to replace cutbacks in federal programs. In this regard, the support and publicity generated by PIC public relations has been useful to local officials.

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In general, PIC members in government-led SDAs are often complimentary and even proud of the local JTPA programs. The PICs in these SDAs have not mounted any attempt to wrest control. And in PIC-led SDAs, the elected officials have almost always voluntarily assumed their subordinate position.

JTPA has clearly been successful in increasing the involvement of the business sector in the publicly-funded employment and training system. Business representatives are now active in the oversight or administration of JTPA in nearly all SDAs. For the most part, the local partnership structure is operating with minimal conflict. In many SDAs, the private-business men and women have gained a greater appreciation of the problems involved in operating job training programs through their activities with JTPA. This enhanced understanding and communication is cited by several local officials as one of the most important achievements of the Act.

JTPA's planners also sought to improve its efficiency by creating standards and incentives that encourage a results-oriented focus in local operations. In this too JTPA has been successful. Ironically, the impact of these targets has been to reduce the significance of the local government and direct business participation that were so important to the Act's authors. Although localities can seek variations, the shadow of the performance standards inhibits the local experimentation and variation that might be expected in a decentralized system. The business-sector vision of employment and training, reflected at the local level, results more from the overall orientation of the Act than from the power of the business representatives on the local PICs. Neither program characteristics, client profiles, nor achievement of performance standards appear to be associated with the strength of PIC influence in an SDA.

While OJT has grown under JTPA, for example, this does not mean that the business representatives on PICs have overwhelmed local officials. The PIC-led SDAs do not depend more on OJT than SDAs in which the PICs are more passive. For example, Tampa, an SDA with a strong and active PIC, had the highest percentage expenditure on OJT of the SDAs that provided this information. But many government-led SDAs also had very high OJT expenditures. The staff at the Chicago SDA was particularly enthusiastic about OJT and was working to increase it. Overall the average percentage expenditure on OJT for the government-led SDAs in our sample was slightly higher than the average for PIC-led areas.

Furthermore, there does not appear to be a systematic difference in the use of community based organizations in PIC-led and government-led SDAs, despite the occasional conflict generated by this issue.

In addition, there appears to be no strong difference in the characteristics of the participants among the three types of SDAs. Whether PIC-led, government-led or shared leadership, the average proportion of participants who had high school diplomas or GEDs was around 60 percent. There were also no discernible difficulties in meeting spending requirements for youth.

Finally, the extent of PIC influence did not affect the success of the SDAs in meeting performance standards. Employment and training staff members in all of the SDAs take the performance targets seriously and design their programs to

meet them. The SDA which had the most difficulty meeting performance standards was led by a very strong PIC. While it missed the standard for both cost per placement and cost per youth positive termination, the PIC had actually set local cost targets above the standards. It argued that the low standards prevented the type of comprehensive treatment for youth that they favored. Overall, government-led SDAs achieved an average of 5.8 of their seven performance standards, while PIC-led SDAs achieved an average of 6.0, a small and statistically insignificant difference.

State Oversight

The executive branch of the federal government has played a modest, almost invisible role in guiding the implementation of JTPA. One of the major elements of the legislation is the authority and responsibility it confers on state governments. Under CETA, the majority of funds went directly from the federal government to local governments, without state intervention or control. States had control over Special Governors' Grants and over the rural and small city and county areas with populations under 100,000 that no unit of local government could reasonably administer.

Under JTPA, the governor of each state is responsible for the Act's primary jurisdictional decision, dividing the state into discrete service delivery areas which plan and carry out the Act's activities. The governor also prepares an annual statement of JTPA goals and objectives to assist SDAs in their

planning. The Act calls for each state to review Title II-A job training plans developed by each SDA before local implementation can proceed. States are authorized to establish fiscal control and accounting procedures necessary to assure proper treatment of federal funds and to have independent audits of each SDA prepared every two years. States are required to impose reorganization plans on any SDA that does not meet the Act's performance standards for two consecutive years.

Each state is to establish criteria for coordinating JTPA with the activities of other state and local agencies that have an interest in employment and training. In addition, states have considerable discretion over the use of certain funds. For example, six percent of the state's allocation is reserved for incentives and technical assistance; eight percent for educational coordination; and three percent for older workers. Five percent of each state's total JTPA allocation is set aside for state administrative costs. The Wagner-Peyser Amendments included in JTPA set aside ten percent of its funds for special programs set up by the state.

This listing of state functions portrays a potentially powerful state role in overseeing the administration of Title II-A. The state role regarding programmatic choices -- who will be served under JTPA, and what particular services will be offered -- is less far-reaching. The Act provides for "local discretion" in the selection of eligible participants, services, and service providers, and it accords the local private industry

council and local government the authority to determine the process and organization for carrying out programmatic planning. In short, the Act establishes that programmatic decisions be made locally for Title II-A activities to a far greater extent than for programs authorized under Title III or IV-A.1

State activities during the first operational period of JTPA (October 1, 1983 to June 30, 1984) focused on establishing the administrative and informational systems necessary to carry out JTPA's implementation. While these efforts were generally successful, one area which proved problematic was the development of useful management information and reporting systems. The majority of SDAs studied indicate that under state oversight, reporting requirements and paperwork became more burdensome, while access to information became more difficult. Many states reply that a lack of program guidance from the federal government encouraged a defensive attitude. Since state offices did not know what additional information they would ultimately be required to provide in their role as program monitors, they opted to be inclusive. Often this inclusiveness has been accompanied by data collection and processing errors that resulted in little useable information.

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1 This study does not cover activities under Title III of JTPA, Assistance for Dislocated Workers. It should be noted that state authority under Title III extends to programmatic decisions to a greater degree than it does for Title II-A.

The lack of an informative national reporting system continues to be a major issue for the JTPA system. Of the 15 states in the field study sample, at least one-third report serious and continuing problems in establishing and operating a management information system that can provide useful and timely information to SDAs, as well as to the state itself.

Because of limited federal direction in this area, in PY 84 individual states continued to experiment with information systems and reporting requirements. One example is follow-up data on JTPA participants placed in jobs. Such data is necessary if the legislation's key assessment criteria of increased employment and income, and reduced welfare dependency are to be measured. During PY 84 four of the 15 field study states instituted follow-up reporting requirements, but these requirements vary considerably and do not allow for aggregation of data nationally. Moreover, most follow-up does not cover long enough periods of time to permit credible conclusions regarding cost/benefit ratios or welfare reduction. Two-thirds of the 15 field sample states rely on federal performance contracting standards and have not added any of their own. Nonetheless, a few states have also added performance standards to the seven federal standards. Mississippi, for example, has required each SDA to expend at least 70 percent of its Title II-A allocation. If that standard is not met, an SDA is not eligible for any special state incentive or grant money. Kansas has added several additional performance standards, including

average earnings gain per dollar spent. Massachusetts has added a performance standard which measures the actual number and percentage of participants placed in jobs after actual training compared with placements after job search activities.

During PY 84 a number of states also became increasingly involved in program content as opposed to procedure. The State of Massachusetts has been among the leaders in combining JTPA funds with State and federal welfare dollars. The Massachusetts Department of Public Welfare (DPW) has offered incentive funds to those SDAs that served three times the proportion of AFDC recipients as were in the local population. In addition, $1.6 million in DPW funds were transferred to the State JTPA office to assure joint planning and to fund programming for AFDC recipients; this is being increased to $4 million for PY 85. For PY 86 one-quarter of the funds are dedicated to remediation, and the remainder to skills training.

Massachusetts' major programmatic initiative has been a program called Choices, a voluntary system of comprehensive employment and training programs for AFDC recipients. Approximately $30 million in state and federal funds will be spent on the program for the coming year, more than two-thirds coming from the state.

Massachusetts' level of state involvement and activity was high among the field sites, but there are indications that a number of other states are also taking an increasingly strong role in combining program resources to achieve various goals. For example, both California and New York have begun combining

JTPA with other state funds to induce SDAs to make even greater efforts to reduce welfare rolls through programs that aim to provide recipients with appropriate services.

A number of states have also developed techniques to increase SDA attention to youth, particularly such groups as school dropouts and teenage parents. The eight percent setaside funds are the most common sources of funds used by the states to influence programs. For example, New York State uses one-fifth of its eight percent funds for model youth programs and distributes them through a statewide competition. The State of Washington uses half of its eight percent setaside for youthful offenders and those with limited proficiency in English. Colorado established computer-assisted literacy centers in areas of the State that were not meeting their goals for serving dropouts and also provided training for local staff.

However, the majority of the states continue to distribute their eight percent setasides to the SDAs by formula or allow state educational or vocational departments to administer the funds. These resources may be used to fund special projects or high-need youth subgroups but such uses are difficult to measure and are not the result of state policy. In addition, during PY 84 several states began to use eight percent funds for economic development projects.

In some states, part of the six percent setaside funds are also being used for specific policy objectives. In most states these funds are being used for the provision of technical

assistance to SDAs, the continuing work on management information systems, or as rewards to SDAs for meeting or exceeding the federal performance standards. However, a third of the states in the study have used these incentive funds to encourage policy initiatives focused on hard-to-serve target groups, such as displaced homemakers, teenage parents, AFDC recipients, and dropouts.

Colorado, for example, made extensive use of the six percent funds to achieve specific programmatic objectives. A portion of the setaside funds were dedicated to funding pilot projects. These funds were allocated on a formula basis to the PICs, but the state retained the authority to select which projects were funded. The remainder of the funds were distributed as incentive monies for serving "most in need" target groups.

The Governor's Job Training Office, which oversees JTPA, developed a list of target groups, and each year the state selects two target groups for which incentive funds are made available, while each SDA can select two additional target groups. In order to qualify for the incentive awards, the SDAs must increase the placement rates over the previous year's performance while continuing to serve the same proportion of members of the target group. New York State also uses almost half of its six percent funds to facilitate service to special populations.

A few states appropriated funds to supplement JTPA allocations. For example, Vermont will fund pilot programs for a variety of sub-groups, while Pennsylvania has appropriated $625,000 to fund programming specifically for pregnant and parenting teens. Although the funding level is low, there is a required match with JTPA funds. Massachusetts, California and New York have been mentioned already as using state funds to promote policies and programs for AFDC recipients.

In addition, Florida has initiated a statewide welfare diversion program. Not only is it focused on AFDC recipients, but it also uses OJT for women. The program, known as TRADE, provides counseling and pre-JTPA training for AFDC recipients who are then placed in OJT slots by the SDAs. The state program also provides a $1.00/hour supplement to the OJT wage.

In short, PY 84 saw an increased number of state initiatives, using JTPA setasides, other federal funds, and special state appropriations, to leverage the use of JTPA for substantive policy purposes. Like the use of new performance standards, however, these initiatives were confined to less than half the study states and, except for the efforts regarding AFDC recipients, did not involve sums large enough to create programs of significant size. SDA performance, as has been noted, reflected these efforts: numerous small programs for such special groups as dropouts and teenage parents were developed in about half the SDAs during PY 84, mostly in response to these special state efforts. SDA enrollment of welfare recipients was

the major targeting policy success of JTPA implementation, even without special state initiatives.

More states showed interest in using JTPA to promote economic development wherever possible. Indeed, a Pennsylvania state official noted that at the state level JTPA is not viewed so much as a social welfare tool but rather as an economic development tool. One of New York State's major JTPA policy goals is to use job training to support economic development. In the State of Washington, the governor requested that at least some of the eight percent funds be used to bolster economic development efforts in distressed regions of the state. Vermont put aside JTPA money to use as part of the state's economic development strategy. The State of Michigan includes, as one of its key JTPA goals, support of the state's overall economic development initiatives. Kansas has been considering a new performance standard to assess the percentage of JTPA's job placement in new and expanding industries. In total, two-thirds of the study states said that use of JTPA to promote economic development was a primary policy, or was emphasized in tandem with dislocated worker objectives under Title III.

This was a difficult objective to implement with Title II-A funds, however. Several states used eight percent setaside funds to support state economic development objectives. Colorado created an "emergency fund" out of the setaside so that the governor could respond quickly to special situations, such as a massive layoff in Pueblo caused by the closing of a major

mining company operation. Illinois used eight percent funds to train small businesses in federal procurement requirements; the state considers that program one of the two major achievements of JTPA in Illinois along with the high placement rate for welfare recipients. These efforts were modest in size, primarily because the setaside funds were also used for other purposes. Thus Title II-A is not, at the state level, a major tool for economic development, though the majority of states have tried to utilize it in some fashion to support such activities.

In short, state use of Title II-A funds for special policy efforts, whether oriented toward particular social policy concerns or broad economic development objectives, increased in PY 84. With the exception of several large initiatives aimed at welfare recipients, however, these efforts were small in size, and generally did not leverage the use of substantial funds at the SDA level. The states continued to regard their primary role in Title II-A of JTPA as one of administration and oversight.

In carrying out that oversight role, their greatest concern was the continuing underexpenditure of funds, particularly youth funds. One state official reflected an increasingly common attitude when he said that JTPA simply couldn't have it both ways: to expect such high performance from each dollar spent, and to expect all the dollars to be spent.

There were few specific actions at the state level intended to prompt SDAs to utilize their allocations more fully. Mississippi stipulates that any SDA that spent less than 70 percent of its Title II-A funds was not eligible for incentive awards or other special state funds. While a few states began drafting sanctions and policies, 12 of the 15 field study states had not yet begun that process. On balance, the states were satisfied with SDA performance regarding the seven federal performance standards, and had not yet begun to deal with specific performance shortcomings except through exhortation and expressions of concerns.

Both the states and the SDAs indicated substantial improvement in PY 84 in their ability to work together under JTPA. They had reached general agreement on the capacity and value of JTPA. The continuing high level of business involvement and the achievement of most performance standards were major accomplishments. The U.S. Department of Labor had not exerted pressure to pursue any of the other goals mentioned in JTPA; that fact contributed significantly to a focusing of state/SDA relationships on achieving specific performance standards and operating efficiencies.

IV

CONCLUSION

A major impetus behind the enactment of JTPA was the desire to correct what were considered to be serious flaws in CETA, the preceding employment and training program. Because the local officials who managed CETA were perceived to be out of touch with the realities of local labor markets, JTPA called for private industry councils with substantial representation from local employers to be vested with significant power. Because many CETA programs were seen as ineffective, JTPA was to spell out specific performance standards for localities to meet. And because CETA seemed to give too large a role to the federal government, JTPA placed important oversight powers in the hands of state governments. To be sure, the move toward greater private-sector involvement, tighter performance standards and several other principles of JTPA (reduced administration costs, performance contracting, etc.) had already begun under CETA. But JTPA both institutionalized these trends and made them the foundation for its structure.

These principles have had a dramatic effect on the operations of the nation's federally financed employment and training programs. The development of PICs, for example, has brought a genuine involvement of the private sector in many localities. PICs and local governments were required to develop a power-sharing relationship with little guidance from JTPA, but

they have succeeded in doing so. Some SDAs are dominated by PICs and some by local officials, but most have worked out a surprisingly harmonious, if not always equal, partnership.

The reordering of priorities and private-sector emphasis under JTPA has brought a very different approach to the spending of employment and training funds. The classic public-agency attitude toward such spending emphasized the quick and complete disbursement of funds. This attitude combined a belief that it was essential to spend every dollar with a fear that a failure to spend every dollar would mean a cut in the next year's allocation. SDAs, however, have tended to conserve funds, much as businesses keep cash for a rainy day. That attitude may be fiscally prudent, but it has tended to limit the impact that JTPA can have.

Moreover, the private sector emphasis has exerted a broader influence on the management practices of employment and training programs than on the substance of them. The focus has been on achieving more businesslike procedures and processes. Private sector participation has emphasized training for actual job openings, especially through OJT, immediate job search and shorter term class-room training. It has altered the administration and focus of the employment and training system, not changed the contents of individual training programs. This partly reflects the fact that after years of training programs, there is little new under the sun: there are only so many ways to teach people to operate word processors and become

carpenters. It also reflects a continuity with the past, in that the expertise built up in past programs has not been altered by bringing more private sector involvement into the process through the PICs.

PIC members may be employers, but few of them are involved in training per se. Thus, it is not surprising that PICs have made employment and training more businesslike in their procedures while having a less tangible impact on the nature of specific training programs.

Under JTPA there has been a major effort to improve the public image of employment and training programs. One reason for this emphasis is the widely perceived need to distance JTPA from CETA, which had a negative image, and establish JTPA's identity as both a different and a better program. Another factor is simply the desire to attain visibility for a new organization. Becoming better known is helpful in recruitment, job development, and job placement. Effective public relations have been viewed as good for an SDA, just as they would be good for a business. The strong emphasis on public relations can be viewed as a classic businesslike reponse to a turnaround situation.

In choosing contractors to run training programs, the SDAs have tended to increase the role of proprietary training schools at the expense of community-based organizations. Business executives tend to view for-profit training schools as more likely to provide training that will lead to jobs, while they

are suspicious of the social-service orientation of many CBOs. Unlike public officials, they have little interest in the political muscle CBOs might assert. On the other hand, CBOs, especially smaller ones with a more grass-roots orientation, have been hurt by the Darwinian mentality of performance contracting, which requires them to cast a blind eye on much of their normal constituency.

Of course, a program is defined more by its requirements than by its goals. Hence, JTPA's businesslike approach has been reflected in the emphasis on meeting specific short-term performance standards rather than longer-term goals and less easily defined service criteria. By and large, SDAs have managed to meet federal standards for placements and costs per placement. But this approach has had an impact on their choice of programs and applicants. Under JTPA there has been an emphasis on quick results and inexpensive placements. This emphasis conforms well to the philosophy of the private sector majority in the PIC structure. PIC membership is largely viewed as a civic duty, much like serving on the board of United Way or another charitable organization. The strength business brings to such ventures is to see that sound management is in place and that specific, quantifiable goals are established and met. Thus there is little argument with, and much overt support for, the performance criteria that JTPA provides, especially since by and large, they have been easily attainable.

Supporters would argue that under these criteria JTPA has maximized the effectiveness of its limited resources by helping those most able to benefit from its help. The program has enabled substantial numbers of people to take the final steps needed to get a job. Critics would argue that SDAs are "creaming" -- that is, enrolling those who are likely to get a job anyway, while avoiding those who require substantial help in the form of complex training and ancillary services. SDAs would reply that these less ready candidates should be served by social welfare organizations, while JTPA focuses on doing what it is equipped to do: place as many people in jobs as possible. It is clear that SDAs have little incentive for dealing with those most in need; the performance contracts only reward results without considering degrees of difficulty, unless localities seek specific modifications.

SDAs have responded to specific statutory mandates to serve welfare recipients and youth. Welfare recipients have been a fertile area for JTPA programming because they come with their own support system and therefore need not be concerned by the limited resources that JTPA has to offer its participants while they are in the program. Youth has been more problematic, and SDAs have responded to legislative requirements by focusing on in-school youth when regular programming activities did not yield a sufficient percentage of youth participants. Dealing with other special-needs or high-risk groups, especially the drop-out portion of the eligible youth population, has been more

difficult, and so those groups have received less attention. This is both because they are more difficult to deal with, thereby requiring greater resource allocations with less likelihood of short-term payoff, and also because so many less difficult participants are available.

In contrast to CETA, JTPA limits the proportion of expenditures that can be used for stipends and support services. Critics felt CETA had spent too much on administration and stipends and not enough on training. However, the limitations in JTPA have been widely criticized as unrealistic. And to some extent, creative accounting has enabled SDAs to stay within limits by burying administrative and service costs in performance-based training contracts.

The lack of stipends has had an impact on enrollees because it means that only those who have a means of supporting themselves can participate in JTPA programs. Those who have family or friends willing to subsidize them can enter training programs. So can those on welfare. Many others, however, can't afford to participate in JTPA.

Similarly, the limit on support services has restricted what JTPA can do for those who need help to function in a training program. Again, it means those most troubled are unable to participate in great numbers, and those most equipped to participate have the fewest problems.

While the involvement of business representatives in employment and training programs through PICs has had a significant impact, the enhancement of the role of state governments has been less discernible. Although they have been given broad oversight responsibilities under JTPA, in fact they have made limited use of their authority. Some have imposed performance standards and other requirements, and others have not. Some have used the funds provided to them by the federal government to launch innovative programs, and some have merely passed them through to localities. This diversity is, of course, the point of bringing federalism to bear on employment and training. But so far there is a very limited range of diversity, with few states functioning as important forces in the JTPA complex.

JTPA has brought very visible changes to the management and functioning of the nation's employment and training system. These changes have made the system more efficient by imposing a few important bench marks. Whether they have also brought greater effectiveness depends in part on the view taken regarding the population the program should be serving. It is beneficial to many of those it serves, but there are important, outstanding questions regarding its choice of whom to serve.